

U.S. FOREIGN POLICY IN EAST ASIA AND THE
PACIFIC: CHALLENGES AND PRIORITIES FOR
THE BUSH ADMINISTRATION

HEARING
BEFORE THE
SUBCOMMITTEE ON EAST ASIA
AND THE PACIFIC
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CONTENTS

	Page
WITNESS	
James A. Kelly, Assistant Secretary of State for East Asian and Pacific Affairs	14
LETTERS, STATEMENTS, ETC., SUBMITTED FOR THE HEARING	
The Honorable James A. Leach, a Representative in Congress from the State of Iowa, and Chairman, Subcommittee on East Asia and the Pacific: Prepared statement	3
The Honorable Eni F.H. Faleomavaega, a Representative in Congress from American Samoa: Prepared statement	6
The Honorable Darrell E. Issa, a Representative in Congress from the State of California: Prepared statement	12
The Honorable Gary L. Ackerman, a Representative in Congress from the State of New York: Prepared statement	13
James A. Kelly: Prepared statement	20
APPENDIX	
Questions for the Record Submitted to Assistant Secretary James A. Kelly by the Honorable James A. Leach	47
Questions for the Record Submitted to Assistant Secretary James A. Kelly by the Honorable Christopher H. Smith, a Representative in Congress from the State of New Jersey	57
Article Submitted for the Hearing Record by the Honorable Christopher H. Smith	58

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TUESDAY, JUNE 12, 2001

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EAST ASIA AND THE PACIFIC,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Subcommittee met, pursuant to call, at 10:15 a.m. in Room 2172, Rayburn House Office Building, Hon. James A. Leach, [Chairman of the Subcommittee] presiding.

Mr. LEACH. The Committee will come to order.

On behalf of the Subcommittee, I would like to warmly welcome our new Assistant Secretary of State for Asian Affairs, Jim Kelly, to his inaugural appearance before the Subcommittee on East Asia and the Pacific. We have a great deal of confidence in Assistant Secretary Kelly and his team at the State Department, and we look forward to a bipartisan and close working relationship.

The purpose of today's hearing is to review the challenges and priorities for U.S. foreign policy in East Asia and the Pacific. As many Members are aware, the case of why East Asia matters to the United States is self evident. Our trade and investment ties are profound and becoming ever more intertwined. The U.S. security interest in maintaining regional stability is compelling, and our commitment to work with like minded citizens in Asia to broaden the scope of democratic freedoms and expand the rule of law remains an established precept of United States foreign policy.

From a congressional perspective, it would appear that while a new practicality may characterize U.S. foreign policy, there is also an understanding that a level of continuity exists over decades of U.S. decision-making in the region.

Our friends and allies in East Asia should be reassured not only by the maintenance of steady and predictable policies, but by what I expect to be consistent U.S. efforts to remain an attentive and engaged dialogue partner. In addition, it is impressive how many important ambassadorial and other key positions within the East Asia Bureau will be filled by career Asia hands.

Having said that, I would like to offer a few comments on several issues of the day.

The President has rightly placed priority in efforts to reinvigorate relations with Asia's friends and allies in East Asia. The need for the U.S. to engage in a deep and sustained dialogue with our strategic partners in Japan to seek the closest possible coordination

of the Republic of Korea and to enhance our extraordinary relationship with Australia is both obvious and essential to the development of a successful Asia policy, and I might say New Zealand as well.

In this context, the implication has been raised that Washington may be endeavoring to postpone fuller development of its China policy perhaps with a view toward downgrading Beijing in the hierarchy of the U.S. foreign policy priorities.

I would just emphasize the obvious. For all the many difficulties that weigh so heavily in our relationship from Beijing's egregious mishandling of the EP-3 incident, the concerns about Taiwan, the South China Sea, nonproliferation, trade and human rights, maintenance of stable, constructive China-American relations is central to peace and stability in the region; so central in fact that failure to articulate a credible and sustainable China policy will eventually undermine other critical U.S. policy goals in the region.

Short of an actual outbreak of hostilities, no other development in East Asia is likely to be so profoundly troubling to our present allies as an unnecessary and protracted deterioration in China-American relations.

The bilateral agreement reached in Shanghai last weekend on the terms of its entry into the WTO will hopefully help support a congressional vote later this year preserving normal trade relations with China. China's accession to the WTO will advance our interests in the rules based international trading system by helping to lock in Chinese reforms, economic restructuring and a commitment to orderly globalization. It will also pave the way for a long overdue entry by democratic Taiwan into the global trading body.

Taiwan is, of course, the most sensitive issue in U.S.-China relations. It has long been my view that the concepts of independence and self-determination, which are virtually synonymous in most parts of the world, are in juxtaposition in Taiwan. Taiwan can have a maximum degree of self-determination if it does not declare independence. If it declares independence, it will have no self-determination. On the other hand, we are bound by the Taiwan Relations Act, as well as basic judgement, to help ensure that the status of Taiwan is not changed by force.

Here I would note that despite some confusion regarding the extent of the U.S. security commitment to Taiwan, my understanding is that our one China policy remains unchanged. Among the principal elements of that policy is a strong opposition by the U.S. to an attempt by either side to impose a unilateral solution on the other. In this context, the U.S. should continue to provide sufficient defensive weapons to Taiwan and maintain our capacity in the Western Pacific to resist any coercion of Taiwan by Beijing.

On the Korean Peninsula, the Administration just completed a North Korea policy review and appears to have reaffirmed support for the U.S.-ROK alliance and the historic sunshine policy of President Kim Dae Jung, while prudentially recognizing that a militarized North Korea is capable of casting a few dark shadows. It is my strong hope that Pyongyang will now promptly resume its stalled dialogue with Seoul, while responding affirmatively to President Bush's decision to proceed with a comprehensive approach to improving relations with North Korea.

Elsewhere in the region, Indonesia, the world's fourth largest nation and largest Muslim country, is at a critical juncture in its transition to democracy. How the U.S. can best work with others to best foster the consolidation of democratic institutions within a stable, unified and economically viable Indonesia remains perhaps the most vexing policy issue in Southeast Asia today.

Finally, we look forward to hearing from Assistant Secretary Kelly whether efforts to foster habits of cooperation through open Asian regionalism and multilateral institutions, ranging from ASEAN to APEC, is integral or peripheral U.S. foreign policy priorities in the region.

Do any of you have an opening statement?

[The prepared statement of Mr. Leach follows:]

PREPARED STATEMENT OF THE HONORABLE JAMES A. LEACH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA, AND CHAIRMAN, SUBCOMMITTEE ON EAST ASIA AND THE PACIFIC

On behalf of the Subcommittee, I would like to warmly welcome Assistant Secretary Kelly to his inaugural appearance before the Subcommittee on East Asia and the Pacific. We have a great deal of confidence in Assistant Secretary Kelly and his team at the State Department, and we look forward to a bipartisan and close working relationship.

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From a Congressional perspective it would appear that while a new practicality may characterize U.S. foreign policy, there is also an understanding that a level of continuity exists over decades of U.S. decision-making in the region. Our friends and allies in East Asia should be reassured not only by the maintenance of steady and predictable policies, but by what I expect to be consistent U.S. efforts to remain an attentive and engaged dialogue partner. In addition, it is impressive how many important ambassadorial and other key positions within the East Asia Bureau will be filled by career Asia hands.

Having said that, I would like to offer a few comments on several issues of the day.

The President has rightly placed priority on efforts to reinvigorate relations with America's friends and allies in East Asia. The need for the U.S. to engage in a deep and sustained dialogue with our strategic partners in Japan, to seek the closest possible coordination with the Republic of Korea, and to enhance our extraordinary relationship with Australia is both obvious and essential to the development of a successful Asia policy.

In this context, the implication has been raised that Washington may be endeavoring to postpone fuller development of its China policy, perhaps with a view toward "downgrading" Beijing in the hierarchy of U.S. foreign policy priorities.

I would just point out the obvious: for all the many difficulties that weigh so heavily on our relationship—from Beijing's egregious mishandling of the EP-3 incident to concerns about Taiwan, the South China Sea, nonproliferation, trade, and human rights—maintenance of stable, constructive Sino-American relations is central to peace and stability in the region. So central, in fact, that failure to articulate a credible and sustainable China policy will eventually undermine other critical U.S. policy goals in the region. Short of the actual outbreak of hostilities, no other development in East Asia is as likely to be so profoundly troubling to our friends and allies, as an unnecessary and protracted deterioration in Sino-American relations.

The bilateral agreement reached in Shanghai last weekend on the terms of its entry into the WTO will hopefully help support a Congressional vote later this year on preserving normal trade relations (NTR) with China. China's accession to the WTO will advance our interest in a rules-based international trading system by helping to "lock-in" Chinese reforms, economic restructuring, and a commitment to orderly globalization. It will also pave the way for a long-overdue entry by a democratic Taiwan into the global trading body.

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Finally, we look forward to hearing from Assistant Secretary Kelly whether efforts to foster habits of cooperation through open Asian regionalism and multilateral institutions, ranging from ASEAN to APEC, is integral or peripheral to U.S. foreign policy priorities in the region.

Mr. FALEOMAVEGA. Mr. Chairman, I do join you warmly in welcoming our new Assistant Secretary of State for East Asia and Pacific Affairs, the Honorable James Kelly, to our Committee today.

I must say as a former resident of the State of Hawaii and Mr. Kelly being a resident of the State of Hawaii, I do welcome him with much aloha and certainly wish him all the best and sincere success in his new responsibility of being Assistant Secretary for East Asia and Pacific Affairs.

Secretary Kelly has a long and distinguished record of service to our Nation and has served as a senior policy maker on Asian affairs while with the National Security Council and the Pentagon. With his decades of experience in Asia-Pacific issues, we are indeed fortunate to have his expertise and leadership at the State Department to formulate U.S. foreign policy for the Asia-Pacific region.

Mr. Chairman, I join those who advocate that the Asia-Pacific region is one of the most important regions in the world. For the United States, the Asia-Pacific region presents enormous opportunities, as well as sobering challenges. This is reflected by the \$500 billion of trans Pacific trade we conduct annually, which translates into over 2.5 million jobs for Americans.

This is also reflected by our forward deployment of 100,000 U.S. military troops in the region. It is fitting that we share in the Asia-Pacific's economic growth, for the region's prosperity has been possible only because of the peace, security and stability provided for the past half century by our Nation.

Given the global importance of the Asia-Pacific region, Mr. Chairman, it is not surprising that during the brief tenure of the Bush Administration, major policy issues involving Asia have already arisen demanding attention. Too often the People's Republic

of China has been the center of focus, and it is unfortunate U.S.-China relations have started off so negatively.

With the EP-3 aircraft collision, the recent Taiwan arm sales agreement, continuing differences over human rights, the burgeoning U.S. trade deficit and the national missile defense initiative, many view relations between our nations as having deteriorated significantly.

Despite these difficulties, however, it is important that the U.S. continue to engage China to spur progress in that nation. As Secretary of State Colin Powell testified recently before the Senate, and I quote,

“A strategic partner China is not, but neither is China our inevitable and implacable foe. China is a competitor and a potential regional rival, but also a trading partner willing to cooperate in areas such as Korea where our strategic interests overlap. China is all these things, but China is not an enemy, and our challenge is to keep it that way.”

Mr. Chairman, in regards to the Korean Peninsula, I commend the Administration for completing its Korea policy review last week, concluding with President Bush's decision to comprehensively reengage with North Korea. It is crucial that the U.S. support South Korean President Kim and his Sunshine policy, as reconciliation between North and South Korea is perhaps the only way to bring about lasting peace and stability on the peninsula. Hopefully the two Koreas will not permit recent maritime border disputes over fishing vessels to derail this vital progress.

I look forward to hearing the Administration's plans for improving verification of North Korea's commitment under the Agreed Framework and curbing of its missile programs and exports. With two-thirds of North Korea's 1.1 million soldiers deployed next to South Korea's borders, the Administration's attempt to reduce North Korea's threatening military posture is an understandable and necessary goal. These initiatives, combined with incentives, will hopefully assist rather than undercut efforts to restore momentum to the peace process on the Korean Peninsula.

In Indonesia, the nation's first democratically elected leader, President Wahid, is under siege. With the economy in shambles, the local currency decimated and the budget deficit out of control, Indonesia's parliament has scheduled in August impeachment proceedings on corruption charges against President Wahid.

Refusing to step down, President Wahid has warned that his impeachment would result in chaos and an outbreak of violence throughout Indonesia. Some analysts argue that Indonesia's economic collapse and political crisis is so great that national disintegration is not out of the question.

With the military and security forces substantially weakened from the days of the Suharto regime, stability cannot be ensured, and Indonesia's exercise of democracy, as well as the existence of the nation state itself, may be threatened.

Mr. Chairman, I thank you for the opportunity to comment and look forward to hearing Secretary Kelly's testimony in these matters, as well as the Administration's over reaching goal and foreign policy priorities in the Asia-Pacific region.

[The prepared statement of Mr. Faleomavaega follows:]

PREPARED STATEMENT OF THE HONORABLE ENI F.H. FALEOMAVAEGA, A
REPRESENTATIVE IN CONGRESS FROM AMERICAN SAMOA

Thank you Mr. Chairman:

I join you in warmly welcoming our new Assistant Secretary of State for East Asian and Pacific Affairs, the Honorable James A. Kelly, to our committee today. Secretary Kelly has a long and distinguished record of service to our Nation, and has served as a senior policymaker on Asian affairs while with the National Security Council and the Pentagon. With his decades of experience in Asia-Pacific issues, we are indeed fortunate to have his expertise and leadership at the State Department to formulate U.S. foreign policy for the Asia-Pacific region.

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Despite these difficulties, it is important that the U.S. continue to engage China to spur progress in that nation. As Secretary of State Colin Powell testified before the Senate, "A strategic partner China is not. But neither is China our inevitable and implacable foe. China is a competitor and a potential regional rival, but also a trading partner willing to cooperate in the areas—such as Korea—where our strategic interests overlap. China is all these things; but China is not an enemy and our challenge is to keep it that way."

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Mr. Chairman, I thank you for the opportunity to comment, and I look forward to Secretary Kelly's testimony on these matters as well as the Administration's overarching goals and foreign policy priorities in the Asia-Pacific region.

Mr. LEACH. Thank you very much, Mr. Faleomavaega.

Does anyone else want to make any opening comments?

Mr. SMITH. Mr. Chairman? Mr. Chairman?

Mr. LEACH. Yes, of course.

Mr. SMITH. Mr. Chairman, I would ask that my full statement be made a part of the record, and I will just be very brief.

Mr. LEACH. Without objection it will, and any other comments from any other Members.

Mr. SMITH. Thank you, Mr. Chairman.

Let me just first of all welcome the Assistant Secretary and wish him tremendous success in his job. He is very well qualified for it, and I know he will do an extraordinarily good job.

Mr. Chairman, in reading your testimony, Mr. Secretary, you make the point that recent events have called, and this is with regards to China, into question what we want in our relationship with China and where we want to go. They have highlighted the importance of not allowing our relationship by miscommunication, mistrust and misunderstanding about our respective intentions and objectives.

You know, Mr. Secretary, I agree with that, but I think it needs to go even further. We understand, I believe, all too well what the Chinese government is doing, especially as it relates to human rights and the absence of human rights for the citizens of the People's Republic of China. It is not a misunderstanding. It is a calculated unfortunately almost scorched earth policy in the area of forced abortion where women are routinely forced to have their babies killed.

In the area of religious repression, which has been on the rise, we recently had a hearing in this Committee or in the Full Committee, I should say, with the U.S. Commission on International Religious Freedom, and they pointed out that in the last year the government of the PRC has expanded its crackdown on unregistered churches. We know according to the country reports on human rights practices that in excess of 100 Falun Gong practitioners were tortured to death simply because they wanted to follow that spiritual exercise, and that is the 100 that we know about.

Just recently, the head of the Catholic bishops group, Bishop Law, Cardinal Law of Boston, issued a very strong statement about the increased persecution of Catholics and bishops who were being arrested and priests. One priest was murdered last year in cold blood, and many others have, unfortunately, suffered unbelievable cruelty. The list goes on and on. We know what they are doing to the Dalai Lama followers and the underground church, the Weegers, the Muslims. The crackdown is comprehensive, and hopefully we will speak even more aggressively and hopefully wisely to try to stop it.

I would like to bring to the attention of the Committee, and I hope that we will mark this up soon. Last week I introduced H.Res. 160, which calls on the government of the PRC to immediately and unconditionally release Dr. Lee Cho Min and other American scholars of Chinese ancestry being held in detention and calling on the President of the United States to continue working on their behalf so that they can be free.

What also prompted my concern, and obviously many of us have raised these issues before, but at the end of April I met with Lee's

wife and also with his daughter. While I was meeting with his wife, his daughter stood over to the side. She had some crayons in hand and wrote two letters, one to the President and one to me. I would like to read the letter to the President because this is what it is all about; families being decimated, separated, and their father in this case and husband being held unjustly by the People's Republic of China.

"Dear Mr. President: My name is Diana Lee. I am 9 years old. I have never written to a president before in my life. Now I am writing because China has captured my daddy. Cho Min Lee, I need your help to rescue my daddy. Would you please help me? I miss my daddy very much. I can imagine if you were captured by China your daughter would miss you very much. So would their mommy. Please help rescue my daddy. Thank you. From Diane Lee."

Then she has a rather moving picture of herself holding hands with her mother and her father. Of course, the father is missing now.

There was an excellent piece, Mr. Chairman, and I would ask this be made a part of the record, written by Claudia Rosett from the Wall Street Journal bringing again further amplification on this case. These are American hostages. These are Americans. They are being held against their will. It is of no less importance, as we all would agree, than the 24 servicemen who were held against their will by the People's Republic of China.

They have to be freed. It has to be the highest national priority on the part of Congress, as well as the Administration, and I hope we can effectuate their release as quickly as possible.

Thank you, Mr. Chairman.

Mr. LEACH. Thank you, Mr. Smith.

The Subcommittee will be holding a hearing on this subject. It is a matter of extraordinary significance, and I would only stress to all assembled that we are a country of immigrants, but whether a citizen is of new standing or old standing, that citizen is a citizen of the United States.

Beyond that, whether one is a citizen or not, when one steps foot on the shores of America or takes on the protection of the rubric of the Constitution of the United States, it is a matter of enormous concern to the United States Congress that any country would hold and detain an American citizen for any reason that hints of political rationalization rather than the commission of clear and self-evident crime.

We as a country have to be very concerned, so a hearing will be held on this subject. I think it is of profound significance.

Mr. FALEOMAVAEGA. Mr. Chairman?

Mr. LEACH. Yes?

Mr. FALEOMAVAEGA. I would like to associate myself with the comments made earlier by my good friend from New Jersey and commend him for offering the resolution. I would like to be added on as a co-sponsor to the resolution.

Thank you.

Mr. LEACH. Anyone else? Yes, of course. Please.

Mr. BLUMENAUER. Thank you, Mr. Chairman. I appreciate your convening us here today for this conversation. I feel there is no

more challenging environment anywhere in the world than which the Secretary has under his purview. I welcome you today and look forward to this being one of several interactions we may have both with the Committee and perhaps on a more personal basis.

I would just like to footnote one area that I hope to be able to discuss, time permitting, later in the question and answer period as we move forward. It strikes me amidst all the areas of controversy and conflict we have already highlighted here on the panel one where there was passing reference as I read a version of your testimony that spoke to the environment.

It seems to me that one of the greatest threats to the United States' security and perhaps to the world deals with the potential of climate change and the destabilizing effect of many of these developing countries concentrating huge numbers of people into mega cities that they are not equipped to handle in terms of the infrastructure. The health hazards we know in a global economy are not limited to one little portion of the world. We are dealing with West Nile fever here in the eastern United States.

I hope that this is an area that we will be able to with your leadership be able to focus on ways this Committee might be able to work with you to deal with the global environmental consequences and developments that are taking place in this rapidly growing area.

I look forward to further conversation, and I appreciate the Chairman's courtesy.

Mr. LEACH. Thank you, Mr. Blumenauer.

Mr. Rohrabacher?

Mr. ROHRABACHER. Thank you very much, Mr. Chairman.

Mr. Smith has made a very eloquent plea for consideration of human rights, for a priority of human rights American policy and talked to us about one particular case of people crying out in desperation for a member of their family. In this case it was an American citizen, which should have us have even a higher priority than all human rights. Even an American citizen's rights are being violated.

I would just like to note that we have the little girl and the wife and the daughter of Dr. Lee with us today, the little girl who wrote that letter. I wonder if they could stand up and be recognized?

[Applause.]

Mr. ROHRABACHER. Let me make this commitment to you. You will get your daddy back. Your daddy will be here because he and you are part of us now. You are Americans, and we are all standing together.

The great thing about America is that there is one thing that binds us together, and that is a love of liberty and justice and decency that we demand that all Americans have a right to. We will not forget Dr. Lee, and we will not forget your husband and father. Thank you for being with us here today.

If America is not that, if America is not the place where we have all come from different parts of the world and we represent every race and every religion and every ethnic group, if we are not people who hold a high priority for justice and liberty and decency, what are we as a Nation then?

Other nations have a single race or have a religion that ties them together. To the degree that we do not hold human rights as a priority in American policy, to the degree that we debate the meaning of America, and, yes, we have to be concerned about prosperity. Our business community, they will certainly remind us how important prosperity is. Of course, our national security, preserving the peace, is important.

You do not achieve prosperity and national security at the expense of human rights. If you do, you pay an awful price very, very, very shortly.

Let me just say that we have had 8 years of groveling to dictatorship and tyranny in the Pacific and in Asia; 8 years where human rights was on the lowest priority. I would hope that this Administration raises the priority on human rights because that way we will have peace in this world.

Tyrants only understand strength and commitment from their adversaries. They do not understand when Bill Clinton goes to China and gives them everything they want without actually demanding things in return and especially without demanding higher recognition of human rights.

Let me just say this is a great challenge. We have the new Administration in hand. I think we have been through some things already with American servicemen and women held hostage for 11 days, an American airplane knocked out of the sky. President Bush needs to be strong. He has been strong with his proposals for a missile defense system and his proposals for helping Taiwan out with their own defenses.

We have to be strong in Korea. Unfortunately, we have one of the most bizarre regimes in the history of this planet in charge of North Korea right now. These people are bizarre. The lunatics are running the asylum up there, and there is no way. There is no way because again, showing weakness in front of people like that is no way to bring about peace.

With that, Mr. Chairman, I look forward to working with you and overseeing the foreign policy of this country dealing with Asia and the Pacific in this new Administration.

Thank you very much.

Mr. LEACH. Thank you, Dana.

Anyone else? Yes, Mr. Brown?

Mr. BROWN. Mr. Chairman, thank you. I would like to thank the Chairman for organizing this hearing and special thanks to Assistant Secretary Kelly for joining us today.

For the last 8 years, I urged the Clinton Administration to step up to the plate on the issue of human rights in Asia, especially in the world's largest country. We saw little interest in human rights in China from the Clinton Administration. Always the Clinton Administration chose corporate trade over human rights in China.

In the first 140 or so days of the Bush Administration, however, we are seeing an even greater disregard for human rights in the world's largest country. As we say we are encouraging democracy throughout the world, we should not ignore the principles underlying democracy and effectively create a double standard by overlooking human rights violations and ignoring efforts toward peace.

My friend from New Jersey, Mr. Smith, earlier asserted each year China's human rights record gets worse. The State Department's recent human rights report cites crackdowns by China on freedom of speech, belief and association. The Hanon incident in March further demonstrated the aggressive posture China has chosen to take with the international community.

Since 1993 when human rights were delinked from the requirements of most favored nation status, China's tolerance for individual freedom deteriorated significantly, yet our response has been to reward China by importing more goods and passing year after year after year normal trade relations, most favored nation status and then last year permanent normal trade relations.

Just a week ago, President Bush, with all that is going on about human rights violations, with our airplane still in China, with all of the violations of the spirit of human rights that China continues to do, President Bush asked Congress to extend China's most favored status. This step allows the world's most notorious human rights abuser to maintain its strong trade advantage over the United States.

As China's human rights practice has spiraled downward, U.S. trade deficit with the People's Republic of China explodes upward. Our President talks tough on military issues on China, but continues to reward China's Communist party and China's People's Liberation Army with trade advantages providing that military resources, money and technology going to one of the most powerful military machines in Eastern Asia.

A second issue briefly, Mr. Chairman. In March, the President chose not to resume negotiations with Chung Yang, which cast significant doubt on South Korea's sunshine policy of engaging the north. The sunshine policies included food and humanitarian aid to North Korea, removal of restrictions on business deals between the north and the south and a resumption of negotiations between the two nations.

The culmination of this policy, as you know, has been the historic visit of President Kim to North Korea on July 13 of last year. Both sides have been supportive of the confidence building measures that have brought the north and south closer to a peaceful solution to their decades long dispute.

Until recently, President Bush has chosen to paint North Korea as a rogue state of clear and present danger to the U.S. and one of the countries justifying—perhaps the major reason he has done this—the need for a national missile defense. The Administration decision not to continue where President Clinton left off is irresponsible and carries the potential of raising hostilities in that troubled region.

To its credit, the European Union has expressed interest in stepping into the position that the President has vacated on behalf of our country. I hope President Bush will rethink his position and take a leadership role in the Korean Peninsula.

I thank the Chairman.

Mr. ISSA. Mr. Chairman?

Mr. LEACH. Yes, Mr. Issa?

Mr. ISSA. Thank you, Mr. Chairman. I will be brief, with the balance going into the record.

Since there will be a round of questions before it comes back to me, what I would like to ask is that Secretary Kelly, in response to everyone's questions, help me as a new congressman, a freshman, someone coming out of the business community, in each of his answers to try to give us as much of the priority overview, the opportunity areas—we realize there are a lot of challenge areas—and candidly help us understand today the priorities that the new Administration will set.

It is clear today that Members on both sides of the aisle are less than pleased with some of the areas that were not emphasized by the previous Administration and would like to see more of that going forward.

Rather than beginning the questioning now or reading my entire opening statement, if we could simply set that as the most informational response to any question that appears, I think that would help this Committee as we deliberate on a multitude of bills concerning the Asia region, specifically those areas in which dollars would be better spent and in which opportunities appear to be unfolding.

I yield back the balance of my time. Thank you, Mr. Chairman.
[The prepared statement of Mr. Issa follows:]

PREPARED STATEMENT OF THE HONORABLE DARRELL E. ISSA, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF CALIFORNIA

Thank you, Mr. Chairman. I appreciate the opportunity to examine the priorities of the Bush Administration in East Asia and the Pacific, a region that holds some of the most promising economic opportunities for the United States and the world.

With the Bush Administration recently asking Congress to approve permanent trade relations with China, I believe that this topic will continue to be one of the most important debates this body will have. I certainly see the benefits in granting China this status. This designation would lead to China's entrance into the World Trade Organization, forcing Beijing to submit to all of the international trade rules and regulations that members of the WTO adhere to. The United States would also be able to finally utilize the dispute settlement mechanism of the WTO to create accountability in Chinese markets. Membership would lower trade tariffs on a whole range of products that the United States exports to China and, in time, would open up China to American service industries, including banking, insurance, and financial services.

It is my hope that with more and more American businesses in China and more Chinese businesses engaged around the world, Beijing will have a stake in the global marketplace and in adhering to international standards. However, as this debate continues, we cannot ignore the fact that the Chinese government continues to engage in horrendous human rights violations. Various reports detail incidents of individuals who are wrongfully imprisoned, harassed, and even executed.

Mr. Chairman, the current behavior of the government of China is not acceptable and we cannot engage in a trade debate without addressing these important issues.

As many of us have been made aware, President Bush has also asked Congress to agree to a bilateral trade agreement with Vietnam. We currently have Depression-era tariffs on Vietnamese products and their trade barriers toward us are unnecessarily high. I look forward to the upcoming debate on this issue, not only because it would finally add a commercial component to our relations with Vietnam, but also because it signals to the world that a new era has truly begun between our two countries.

I am also optimistic as Japan continues to hold promise as one of America's top trading partners. The fact that American companies are acquiring Japanese companies at a growing rate and gaining market share in Japanese markets cannot be overstated. This kind of news would have been unheard of a decade ago.

Mr. Chairman, this is a fascinating region and I look forward to hearing the priorities and challenges that the Bush Administration will have. As a former businessman, I have spent years doing business in this region and continue to look with optimism as we continue to engage, invest in, and mutually benefit from relations with East Asian and Pacific countries.

Mr. LEACH. Thank you very much.

Mr. Chabot?

Mr. CHABOT. Thank you, Mr. Chairman. I will be very brief because I know we are all anxious to get to the Secretary's testimony here this morning.

I know we all look forward to your testimony, Mr. Secretary, and I think it is fair to say that you will have no lack of very interesting issues on your plate in the next few years.

We have serious concerns about the situation in North Korea as they continue their military build up and their nuclear program. China, as we have all seen recently, sometimes pursues an adversarial relationship with the United States by raising critical questions about its ability to play a positive role in regional and in world affairs for that matter. Its human rights record is atrocious, as has been mentioned previously so eloquently by my colleague from New Jersey, Mr. Smith. Its often hostile words and actions toward Taiwan raise considerable concerns for many of us.

I know that you will be addressing these issues and other issues important to the American relationship with the East Asia and Pacific region in your testimony, and I know that we are all anxious to hear your remarks.

I want to thank Chairman Leach for holding this very important hearing, and I yield back the balance of my time.

Mr. LEACH. Thank you very much.

Did you want to say something, Mr. Ackerman?

Mr. ACKERMAN. Thank you, Mr. Chairman. I would like to, in the interest of saving time, put my statement in the record, but I would like to elicit from the Secretary when he testifies, and I do welcome him here as well, exactly what the nature of our relationship is with China and the view of the Administration because it is starting to get a little bit fuzzy here at least to me.

We have slipped from whatever they were previously to strategic competitors. I know in your testimony, having read part of it at least, that you say that we do not view China as an enemy. I have heard Members from the Majority this morning refer to China as our adversary, and I would like to know what the difference is between adversary or enemy or using these words interchangeably and exactly which way we are going with this. I would appreciate hearing from you on that as well.

Thank you.

[The prepared statement of Mr. Ackerman follows:]

PREPARED STATEMENT OF THE HONORABLE GARY L. ACKERMAN, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF NEW YORK

Mr. Chairman, it is fortuitous that we have Assistant Secretary Kelly before us this morning as U.S. policy in East Asia has thrust itself front and center over the last few months.

The early visits of former Japanese Prime Minister Mori and of South Korean President Kim Dae Jung underscore the Administration's desire to work closely with our allies in the region, although, I suspect that President Kim's visit didn't go quite as smoothly as the South Korean's would have liked.

Although belatedly, I'm glad that the Administration has agreed to resume discussions with North Korea about the broad range of issues we have with that nation. I'll be interested to hear how Secretary Kelly thinks those discussions will proceed and how they will interact with the 1994 Agreed Framework.

The incident with China involving our surveillance plane and the holding of our aircrew for eleven days highlights the volatility of our relationship with the People's

Republic of China. At this point, the Administration's policy seems to be that we'll agree where we agree and disagree where we don't. I think, given China's continued rise as a regional power and its territorial claims in the South China Sea and over Taiwan, a little more strategic context is required.

The last point I'll make is about Taiwan. I support the President's decision last April to provide arms to Taiwan. I believe that we have an obligation to help Taiwan defend itself, and that this obligation goes hand in hand with our policy to see the future status of Taiwan resolved peacefully, but I think the President changed the equation with his comments on Good Morning America and did so in a precipitous way. I also believe that it is in our interest to continue annual consultations with Taiwan on arms sales so that we don't lose sight of Taiwan's defense needs and so that Congress retains its historic role under the Taiwan Relations Act.

I want to welcome Secretary Kelly to his new position and I look forward to the opportunity to work with him.

Thank you, Mr. Chairman.

Mr. LEACH. Thank you, Mr. Ackerman.

At this point, we welcome very much Jim Kelly. I must say that there are very few people in this town that hold higher respect than Mr. Kelly. He is an outstanding appointment to this position, and we are pleased that finally the confirmation process has proceeded that has allowed you to represent the Department of State.

Mr. Kelly? If you could turn the microphone on?

**STATEMENT OF JAMES A. KELLY, ASSISTANT SECRETARY OF
STATE FOR EAST ASIAN AND PACIFIC AFFAIRS**

Mr. KELLY. The old press the button trick. I am very happy to do that, Mr. Chairman, and I very much appreciate this opportunity that you have offered me to testify before this Subcommittee today. I very much thank you, sir, for your remarks, as well as those of the Ranking Member and other Members here today.

Very much the charter that I had when I returned to government after 12 years away is to get to the Hill as often as possible and consult and consult and consult. The same task from Secretary Powell and the President comes with respect to this very large region; to get out to the region and speak to the people there.

Now, I have, sir, a fairly long statement for the record. If it is suitable to the Chair, I will offer that for the record and then give here as an introduction and perhaps in partial response to some of the comments and questions that were made a shorter version if that is okay, and then we can get to the questions and answers.

Mr. LEACH. Mr. Secretary, without objection. Your full statement will be placed in the record, and you are free to proceed in any manner you see fit.

Mr. KELLY. It is almost trite to observe that change is a constant in East Asia and the Pacific. At the moment, I think we are seeing more of it than usual in some of the region's most important nations and some of its most important issues. Perhaps I might, Mr. Chairman, add a little foreword.

A little over a month ago, I pledged in my confirmation statement before your colleagues on the Senate side that I intended to consult frequently and regularly with the Congress on matters of U.S. policy in East Asia and the Pacific. Of course, that pledge was directed to both the Senate and the House of Representatives. This is my first opportunity as the Assistant Secretary to testify before the House, and it is fully appropriate that it be before this distinguished Subcommittee.

Let me add that I had hoped to have accomplished this earlier, but the confirmation, of course, took until the first of May. I spent most of the month of May in East Asia. Deputy Secretary Armitage and I were dispatched by the President to brief allies and others in the region on the President's concept on transforming deterrence, including missile defense. I went with Mr. Armitage to Japan and to Korea.

Following that, I went on my own trip on that task and others to Australia, to Singapore, to Vietnam, to Thailand and then on to Beijing, both to articulate the logic of which the opportunities for missile defense are a part and to listen carefully to Chinese perspectives on that subject.

Additionally, I have had meetings since being confirmed about the Korean Peninsula policies with our Japanese and Korean allies, the venue this time being the so-called Trilateral Coordination and Oversight Group or TCOG. An important part of this is to develop and re-establish personal relationships which are going to be invaluable as we craft and work to implement our policy in the region.

Perhaps, sir, if I can just begin by offering a broad look at the region focused on general political, economic and security trends, our interests in the region and what we are doing to realize them.

The overall picture is positive—guardedly. There is a mixture. Some of what we see is quite positive and much of it very much less so. Interestingly, though, there is not much that we see developing irretrievably in a distinctly negative direction. Much of what we are seeing today—China's emergence as a regional and global power, Indonesia's ongoing effort to democratic transformation, Japan's struggle with economic reform and the situation on the Korean Peninsula to offer a few examples—are tales in the telling.

I would add the caution that our ability to influence events in these four areas varies widely. We are, nonetheless, proactive in each one of them, working hard to encourage the most positive outcome. The region's economy is no exception to this pattern. There is plenty on the positive side of the ledger.

The East Asia and Pacific region is a place of enormous opportunity, and the U.S. has very large trade and economic interests in the region. It is our second largest trading partner after NAFTA with nearly \$500 billion in two-way trade, over a third of the U.S. total.

Just to cite a local example, the Port of Baltimore handles over \$3 billion in two-way trade with East Asia every year and about \$2.5 billion in trade with Japan and China alone. Local or national, these are big numbers, and they reflect the fact that East Asia and the Pacific now account for over a quarter of the world's gross national product.

Of course, there is a less encouraging side to this ledger even on just the economic terms. While most countries in the region have recovered at least partially from the devastating 1997–1998 financial crisis, unresolved problems remain. In some of the larger economies, bad debt and corporate restructuring remain as significant areas of concern, and that is especially true in Japan and Korea, and I would also add in China.

So, too, is the restructuring of China's financial and state owned enterprises. More work needs to be done through the region on structural reform to ensure that sustainable growth can be achieved.

The recovery from the financial crisis of 1997 was largely driven by the phenomenal growth of the American economy. We kept our markets opened for East Asian progress. Unfortunately, Asian market liberalization was incomplete, and we have much more work ahead to encourage further reform.

Trade is good for the U.S. economy, and more access to Asian markets would assist U.S. exports. We intend to step up our efforts through our trade compliance initiative approved by the Congress to ensure that our trading partners comply with their international trade obligation to reduce and eliminate unfair obstacles to exports from the United States.

On the political front, too, it is not hard to find the positive. The trends are clear. The development and consolidation of democratic governance in South Korea and the Philippines, Taiwan, Mongolia, Thailand and Indonesia is a profoundly important and positive trend. U.S. relations with our five Asian allies—Japan, South Korea, Australia, Thailand and the Philippines—are good. We also have excellent and important bilateral relations with Singapore.

We intend to nurture our key alliance relationships in the region and to make them even better. These are countries which share with us certain basic beliefs in democratic governance, open markets, the rule of law and human rights. Countries that share these beliefs tend to view the world around them and the events that fill it in similar ways.

Within the East Asia-Pacific region there is U.S. presence, diplomatic and military, which provides a crucial element of stability in a place that is undergoing such profound and dynamic change. The region faces continuing challenges to its economic and political stability and remains a place in which armed conflict could occur with little warning. That is not true of Europe, at least not on a large scale basis.

The region's overall stability and our own national interest depend in great measure on our own willingness and ability to maintain and apply successfully all dimensions of our regional presence. This allows us to play a key role as a regional balancer and security guarantor to allies. The United States is committed to continuing this role indefinitely. Overwhelmingly, the states of the region welcome and support our presence.

The U.S.-Japan alliance is the linchpin of U.S. security strategy in East Asia. Both nations have moved actively in recent years to update the framework and structure of joint cooperation and strengthen the bilateral relationship.

Over the next few years, we hope to build with Japan an enhanced strategic dialogue encompassing both economic and security issues, a dialogue built on the foundation of a wide range of beliefs and perspectives that we share with Japan and which tap the full potential of our alliance relationship.

We also look forward to working with Japan's new Prime Minister, Mr. Koizumi, who will meet with President Bush on June 30 at Camp David. During his early spring campaign for presidency

of the Liberal Democratic party and since his election to that post and assumption of his duties as Prime Minister, Mr. Koizumi has placed considerable emphasis on reform, both economic and political.

A strong Japanese economy is critical to the regional and global economy, and we are prepared to do whatever we can to support Japan's structural and other reform efforts. We are especially encouraged by Mr. Koizumi's views on reforming and restructuring the economy, and we look forward to seeing more details on this when they emerge.

When Prime Minister Koizumi visits the President at Camp David on June 30, the leaders will announce, I expect, a new mechanism to promote mutual prosperity, and it will provide a broad framework to more effectively address the key issues—regular high level review of important bilateral and multilateral issues, new focus on Japan's financial sector, regulatory reform, openness to foreign investment and on sectoral and trade issues.

This year marks the one hundredth anniversary of the Australian Federation and the fiftieth anniversary of the U.S.-Australia alliance. As such, this is an appropriate time to be reminded that Australians and Americans have fought side by side in every war this past century. We continue to work together to promote shared values and common interests and to coordinate closely on all regional security issues.

More generally, enhanced relationships with friends and allies will strengthen our efforts to build stability not only in Northeast Asia, but also in Southeast Asia where we will continue to work closely with allies.

I would mention here that today is Independence Day for the Republic of the Philippines and that there is apparently some very sad news of the possible execution of an American hostage seized by terrorists in the western and southern part of the Philippines. The news is not clear, but this is another example of an American citizen being seriously mistreated.

In this case, of course, the government of the Philippines more than shares our concern. They are determined to do something about this serious problem, but the fact is that it remains a matter of very great concern for us. If this sad news is true, this would be something about which we would feel very seriously concerned, not to mention sympathetic for the family of the American citizen of Filipino ancestry who may well have suffered.

I would add that two additional American hostages are retained by these thugs and crooks, in addition to their being terrorists, and this is not an attractive situation.

I will move into another situation that is quite difficult, which is Indonesia. This country has experienced great turbulence since the onset of the Asian financial crisis. It is the fourth largest country in the world, and it is still Southeast Asia's largest economy. It will continue to confront a very difficult political and economic transition in this year and beyond.

U.S. support for Indonesia's transition to democracy is unwavering. We hope to see Indonesia achieve a timely resolution of the political crisis which now besets it, ideally in a way that promotes reconciliation and effective governance. Whatever the outcome, we

are prepared to support any resolution that can be achieved through peaceful and constitutional means. It is difficult to exaggerate the importance for Indonesia's future of avoiding violence or incitement to violence.

Our engagement with Indonesia must be with a view to the long term. As outsiders, we can exert little influence over immediate events and daily crises. A reformed, but accountable, military is going to be vital if Indonesia's democracy is to prosper in the long term, and we will work to support those within and without the Indonesian military who are working for reform. Both by legislative restriction and by policy, full military relations will not be possible until the Indonesian military makes substantial progress.

Our task in dealing with the world's third largest democracy, a nation of 210 million people, is to assist, to facilitate and to provide support in these critical years as Indonesia works to establish the foundation for the institutions that will provide a lasting democratic and unitary nation with a transparent market economy. We want Indonesia to succeed, and we will do whatever we can to help it succeed.

If I may, I would turn briefly to U.S.-China relations. Our relationship with China is firmly grounded in pursuit of tangible U.S. national interests. We understand, and we believe that China also understands, that our relationship will have a profound impact on the security of East Asia. The U.S. seeks a constructive relationship with China that contributes to the promotion of our shared interest in peace, stability and prosperity in the region.

Recent events have called into question where we stand in our relationship with China and where we want to go. They have highlighted the importance, as was cited by the Ranking Member, of the remarks that Secretary Powell made earlier in which he said we do not view China as an enemy. We view it as a partner on some issues and a competitor for influence in the region and perhaps even an adversary on some of the issues very seriously mentioned to this Committee.

This is a very complex situation. It is in my view neither black nor white. It has various strands of gray. The trick for the Administration and the task which I have undertaken on behalf of the Secretary and the President is to try to work out a balanced relationship with China that holds it properly to account for things like human rights violations, recognizes the changes that are going on within China, both positive in terms of its economy and the openness of people day to day, with the contrasting restrictions on religious practice and some of the non-transparent developments of the People's Liberation Army, which are of considerable concern to us as well.

From promoting peace and stability on the Korean Peninsula to nonproliferation and to trade, we do share some common interests with China that are best served by a productive and forward looking relationship. Taiwan, of course, has been an important difference. Arms sales around the world and the proliferation of weapons of mass destruction are also important issues about which we have expressed concern to China.

We do support China's WTO entry as soon as China is ready to meet WTO standards and the breakthrough in negotiations be-

tween the Trade Representative, Ambassador Zellick, and his Chinese ministerial counterpart last weekend is something about in which the Congress will, I suspect, soon receive greater detail. Taiwan, of course, is also ready for membership in the WTO, and we expect both to enter, hopefully this year.

Last, but by no means least, I want to talk a little bit about Korean Peninsula issues. The U.S. and the Republic of Korea, of course, enjoy a very strong relationship across the board. Our security alliance remains strong. President Kim's historic June, 2000, summit with the north's Kim Jong Il raised the world's hopes that improved north/south relations could enhance the prospects for peace and stability on the Korean Peninsula.

The DPRK, however, continues to pose a military threat to the south, and the U.S. remains committed to its treaty obligation to assist in the defense of the Republic of Korea. President Kim has worked assiduously to strengthen the U.S.-ROK alliance through meetings with President Bush, Members of the Congress and Cabinet officials.

President Kim has made it clear both publicly and privately that a strong bilateral relationship will continue to be key to progress in north/south relations and a central element of the Republic of Korea's diplomatic and security strategy.

Our economic relationship with South Korea also remains vital. Korea quickly pulled out of the financial crisis of 1997 with GDP growth reaching 10 percent in 1999 and nine and a half percent in the year 2000. However, this resumption of growth masks an insolvent financial sector and some highly leveraged conglomerates, both of which could threaten Korean economic prospects, particularly as the economy slows to perhaps as slow as a projected 4 percent for this year.

Now, very importantly, the Administration has just last week completed a thorough, deliberate review of our North Korea policy. The President has directed us to undertake serious discussions with North Korea on a broad agenda, including improved implementation of the Agreed Framework, a verifiable end to the DPRK's missile production and export program, and a less threatening conventional military posture. We will thus be pursuing a comprehensive approach with North Korea.

If the DPRK takes positive actions to demonstrate the seriousness of its desires for improved relations, we will expand our efforts to help the North Korean people, ease sanctions, and perhaps take other political steps.

Now, several principles guided our thinking. First, as President Bush has made clear, we strongly support President Kim's reconciliation efforts with North Korea. Tension on the Korean Peninsula is ultimately an issue for the Koreans themselves to resolve, and any U.S.-North Korea contact should be and must be supportive of and consistent with north/south rapprochement.

Second, we will continue to implement our commitments under the Agreed Framework while looking for ways to better achieve our nonproliferation objectives. We expect North Korea to honor its commitment to that agreement as well, and we want to explore ways of improving the implementation of the Agreed Framework first, with allies and then with North Korea.

Third, our national security interests remain consistent. We want to see an end to the north's missile program and its proliferation activity. We also want to explore ways of reducing tension on the Korean Peninsula caused by confrontation of conventional forces. We are now prepared to enter serious discussions with the North Koreans to achieve these ends.

Fourth, effective verification will be a prerequisite for any agreements with North Korea.

Finally, continued close consultations among the U.S., the Republic of Korea and Japan are essential to maintaining a coordinated approach to North Korea. We have conducted two trilateral meetings with our allies this year.

Mr. Chairman, with your permission I would be pleased to address any further questions that you may have. Thank you again for this opportunity to come and represent the Administration and the State Department.

[The prepared statement of Mr. Kelly follows:]

PREPARED STATEMENT OF JAMES A. KELLY, ASSISTANT SECRETARY OF STATE FOR
EAST ASIAN AND PACIFIC AFFAIRS

Mr. Chairman, thank you. I appreciate the opportunity you have offered me to testify before this subcommittee today. I am eager to do so; while it is almost trite to observe that change is a constant in East Asia and the Pacific, at the moment we are seeing more of it than usual, in some of the region's most important nations and on some of its most important issues.

Before I address these issues, Mr. Chairman, let me add a short foreword. A little over a month ago, I pledged in my confirmation statement before your colleagues on the Senate side that I intended to consult frequently and regularly with the Congress on matters of U.S. policy in East Asia and the Pacific. My pledge was directed to both the Senate and the House of Representatives.

This is my first opportunity as Assistant Secretary for East Asian and Pacific Affairs to testify before the House, and it is wholly appropriate that it be before this distinguished subcommittee. Let me add that I had hoped to accomplish this earlier in my five-week tenure as Assistant Secretary. That I was unable to do so is not from want of opportunities offered by the subcommittee or, for that matter, from a strong desire on my part to accept them.

I spent most of the month of May in East Asia. Deputy Secretary Armitage and I were dispatched by the President to brief allies and others in the region on the President's concepts on transforming deterrence, including missile defense. I visited seven countries and used the opportunity of this mission to build associations with our colleagues in each country, men and women with whom we will work closely in the coming years, and to discuss a wide range of bilateral and regional issues with them.

After meetings in Singapore, I traveled to Beijing, both to articulate the logic of which the opportunities for missile defense are a part, and to listen carefully to Chinese perspectives on this subject. As in other capitals, I also had discussions on bilateral and regional issues with my Chinese hosts. From Beijing I traveled to Hanoi to participate in the Senior Officials Meeting (SOM) to prepare the way for the ASEAN Regional Forum Ministerial meetings in late July. The Hanoi visit was an especially useful opportunity to renew friendships and acquaintances with officials from many of the 23 countries participating in the SOM. I spent the last several days of a very busy month as I began it, in meetings about Korean Peninsula policies with our Japanese and Korean allies, the venue this time being the Trilateral Coordination and Oversight Group, which we call TCOG.

These personal relationships—contacts and friendships re-established or forged anew—will be invaluable as we craft and implement our policy in the region. The earlier they are established, in my view, the better. I have not yet completed this critical first round of introductory visits and will look for early opportunities to travel to the capitals in the region that I was unable to visit during this first trip.

Let me first offer you a broad look at the region, focused on general political, economic and security trends as we see them, our interests in the region and what we're doing to realize them. Having sketched out this "scenesetter," we could move on to some specifics about our policy in China, including the cross-Strait relation-

ship, Korea, and Indonesia. In keeping with my understanding of the subcommittee's interests on this particular occasion, I would like to focus on these areas today, possibly at the expense of offering you a more detailed overview in which every country in the region gets mentioned.

Regional Overview: Economic and Political

The overall picture of the Asia-Pacific region in 2001 is positive—guardedly. I have to add the word “guardedly,” because in a region as vast and diverse as East Asia and the Pacific, all trends could not possibly move in the same direction. There's a mixture—some of what we see is quite positive, some less so. Interestingly enough, though, there is not much that we see developing irretrievably in a distinctly negative direction.

Much of what we are seeing today—China's emergence as a regional and global power, Indonesia's ongoing efforts at democratic transformation, Japan's struggle with economic reform and the situation on the Korean Peninsula, to offer just a few examples—are tales in the telling. I would add the caution that our ability to influence events in these four areas varies widely. We are, nevertheless, pro-active on all of them, working hard to encourage the most positive outcomes.

The region's economy is no exception to this pattern. There's plenty on the positive side of the ledger. The East Asia and Pacific region is a place of enormous economic opportunity. The United States has enormous trade and economic interests in the region. It is our second largest trading partner after NAFTA, with nearly \$500 billion in two-way trade—over a third of U.S. total trade. Just to cite a local example, the Port of Baltimore handles over \$3 billion in two-way trade with East Asia every year, and about \$2.5 billion in trade with Japan and China alone. Local or national, these are big numbers, and they reflect the fact that East Asia and the Pacific now accounts for over a quarter of the world's gross domestic product.

The region hosts some of the fastest growing economies and best markets for American products. The United States is working closely with countries in the region who share our views on trade liberalization, such as Singapore, with whom we are engaged in negotiations for a free trade agreement (FTA). The region provides millions of jobs to American workers and billions of dollars of income to American investors, from large institutional investors to individual owners of mutual funds. In addition, the flow of U.S.-sourced direct investment is enormous and is directly responsible for a large portion of our exports to the region. For example, in 1997, sales by U.S. affiliates in Japan were almost double export sales—\$114 billion versus \$65 billion. Bearing in mind that Japan has been relatively inhospitable to U.S. direct investment, this is still a startling figure. There have been dramatic increases over recent years in U.S. investment in Japan.

But there is a less encouraging side of the ledger. While most countries in the region have recovered at least partially from the devastating 1997–98 financial crisis, unresolved problems remain. In some of the larger economies, bad debt and corporate restructuring remain as significant areas of concern, especially in Japan and Korea. So, too, is the restructuring of China's financial and state-owned enterprises. More work needs to be done throughout the region on structural reform to ensure that sustainable growth is achievable.

The recovery from the financial crisis of 1997 was largely driven by the phenomenal growth of the American economy. We kept our markets open for East Asian products. Unfortunately, Asian market liberalization was incomplete and we have more work ahead of us to encourage further reform. Trade is good for the U.S. economy and more access to Asian markets would assist U.S. exports. We intend to step up our efforts, through our trade compliance initiative approved by the Congress, to ensure that our trading partners comply with their international trade obligations to reduce and eliminate unfair obstacles to exports from the United States.

As growth slows in the United States, so it will in Asia as well. That makes it all the more essential that countries in the region accelerate the pace of reform this year. That said, the region is clearly and significantly better off today than we could have imagined only a couple of years ago. If governments rededicate themselves to their commitments to economic reform, the chances are reasonably good that we will be able to say the same thing two years from now.

On the political front, too, it is not hard to find the positive. The trends are clear: the development and consolidation of democratic governance, in South Korea, the Philippines, Taiwan, Mongolia, Thailand, and Indonesia is a profoundly important and positive trend. U.S. relations with our five Asian allies, Japan, Korea, Australia, Thailand and the Philippines, are good. We also have excellent bilateral relations with Singapore.

We intend to nurture our key alliance relationships in the region and make them even better. These are countries which share with us certain basic beliefs in demo-

cratic governance, open markets, the rule of law, and human rights. Countries that share these beliefs tend to view the world around them and the events that fill it in similar ways.

Developing Regional Consciousness

The region is as diverse as it is vast. Technology and the communications revolution have given birth to a number of transnational interests among the Asia/Pacific states; yet its regional consciousness—a collective sense of identification and of common cause—remains relatively undeveloped and, far, far short of what Europe has achieved.

One consequence of this has been the absence of centripetal forces that Europe enjoys and that stem from the development of common strategic goals and objectives. I think over the longer term, more and more regional states will recognize and act on what they share in common, especially a lengthening tradition of democratic governance but also globalization, which increasingly will present the region with common challenges and opportunities.

The full effect of these trends is, for the most part, confined to the future, though perhaps not the very distant future. And, while we can be optimistic about the future, the present calls for a little more patience.

Today, the principal engines of regional coherence are multilateral organizations such as the Association of Southeast Asian Nations (ASEAN) and the Asia Pacific Economic Cooperation (APEC) forum. These, however, do not address security issues *per se*. Only recently, with the emergence of the ASEAN Regional Forum, called the “ARF,” has there been much regional attention paid to multilateral security cooperation on transnational problems such as smuggling, the environment, piracy, and conflicting territorial claims such as those in the South China Sea. And ARF is a limited forum, though one worth U.S. engagement and support. Progress both in deepening the debate on security issues and in sharpening its focus has been slow, but there has been progress.

The broader, regional political infrastructure that supports multilateral efforts to address these and other problems is undergoing profound change—beyond the democratization process I mentioned a moment ago.

In Northeast Asia, four major powers intersect. Three of them—China, Russia and Japan—are experiencing significant economic and political change. At the very heart of this intersection of powers, on the Korean Peninsula, there is important work being led by our ally, the Republic of Korea, toward the possibility of a dramatic change in the status quo. And in Southeast Asia, Indonesia’s struggle to develop a functional democracy has diverted its attention away from its traditional leadership role in ASEAN. ASEAN, an important pillar of regional stability over the past three decades, recently expanded its membership to include the states of Indo-China as well as Burma, and as such has suffered a lack of focus. There are also potential flash points in the South China Sea and in the Taiwan Strait.

U.S. Regional Presence

The U.S. presence, diplomatic and military, in the region provides a crucial element of stability in a region undergoing such profound and dynamic change. The region faces continuing challenges to its economic and political stability and remains a place in which armed conflict could occur with little warning.

The region’s overall stability—and our own national interests—depend in great measure on our willingness and ability to maintain and apply successfully all dimensions of our regional presence. This allows us to play a key role as a regional balancer and security guarantor to allies. The United States is committed to continuing this role indefinitely. Overwhelmingly, the states of the region welcome and support our presence.

Today, in addition to 41 embassies and consulates from Sapporo in the north to Wellington in the south, the United States maintains about 100,000 forward-deployed military personnel in the region. Roughly half of these U.S. forces are stationed in Japan, and close to 40% are stationed in the ROK.

The U.S.-Japan alliance is the linchpin of U.S. security strategy in Asia. Both nations have moved actively in recent years to update the framework and structure of joint cooperation and strengthen the bilateral relationship. Over the next few years we hope to build with Japan an enhanced strategic dialogue encompassing both economic and security issues, a dialogue built on the foundation of the wide range of beliefs and perspectives we share with Japan and which taps the full potential of our alliance relationship.

We look forward to working with Japan’s new Prime Minister, Junichiro Koizumi, who will meet with President Bush on June 30 at Camp David. During his early spring campaign for the presidency of the Liberal Democratic Party, and since his

election to that post and assumption of his duties as Prime Minister, Mr. Koizumi has placed considerable emphasis on reform, both economic and political.

A strong Japanese economy is critical to the regional and global economy, and we are prepared to do whatever we can to support Japan's reform efforts. We are especially encouraged by Mr. Koizumi's views on reforming and restructuring the economy, and we look forward to seeing details as they emerge. These, of course, are up to the Japanese government to develop, but they will have to be convincing to the markets and the Japanese people. As I noted a bit earlier, restructuring and cleaning up the banking sector in Japan will provide long term benefits—not just to Japan but also to the global economy. Along with continued deregulation and restructuring, we think Japan's further opening to direct foreign investment will promote Japan's growth and strengthen our economic relationship. When Prime Minister Koizumi meets the President at Camp David June 30, the leaders will announce a new mechanism to promote mutual prosperity. It will provide a broad framework to more effectively address the key issues: regular high level review of important bilateral and multilateral issues, and new focus on Japan's financial sector, regulatory reform, openness to foreign investment, and on sectoral and trade issues.

We also place enormous value on our long and durable alliance relationship with the Republic of Korea, which I'll address in more detail in a moment.

This year marks the 100th year of the Australian federation and the 50th anniversary of the U.S.-Australian alliance. As such, this is an appropriate time to be reminded that Australians and Americans have fought side by side in every war this past century. We continue to work together to promote shared values and common interests and to coordinate closely on all regional security issues. President Bush will welcome Prime Minister Howard to Washington on September 10, 2001 in order to reaffirm the strength and vitality of the U.S. partnership with Australia.

More generally, enhanced relationships with friends and allies will strengthen our efforts to build stability not only in Northeast Asia, but also in Southeast Asia, where we will also continue to work closely with our allies Australia, Thailand and the Philippines, as well as with Singapore. Although not a treaty ally, we have a robust defense partnership with Singapore that facilitates our forward deployment and our overall strategy in the region. Southeast Asia is an area of growing economic and political importance, which has felt its share of the turbulence experienced by the region as a whole over the past few years.

Indonesia

Without question, the country that has experienced the greatest turbulence since the onset of the Asian financial crisis is Indonesia. Indonesia, the world's fourth largest country and still Southeast Asia's largest economy, will continue to confront a difficult political and economic transition in 2001 and beyond.

The United States' support for Indonesia's transition to democracy is unwavering. We hope to see Indonesia achieve a timely resolution of the political crisis, ideally in a way that promotes reconciliation and effective governance. Whatever the outcome, we are prepared to support any resolution that can be achieved through peaceful and constitutional means. It is difficult to exaggerate the importance for Indonesia's future of avoiding violence or incitements to violence.

Indonesia will remain a high priority for U.S. assistance programs. Our bilateral assistance is focused on the development of civil society and democratization, strengthening the rule of law, and civilian control over the military. We continue to work with locally-based NGOs on good governance, human rights, and conflict prevention and resolution. We also coordinate our aid with the international community to ensure the most leverage for our assistance. Indonesia's central government is in the process of devolving political and fiscal powers to the provinces. As devolution proceeds, we are shifting our police training programs, designed to teach human rights and non-violent crowd control techniques, to the provinces.

While Indonesia grapples with the profound complexities of creating a democracy, it is also engaged in transforming its economy and decentralizing political power. Each task by itself is daunting; together they guarantee that change will be incremental and complicated, with no simple blacks and whites. Indonesia is dealing with multiple crises: in its political leadership, its constitutional institutions, its budget, in civil society and rule of law, in seeking redress for violations of human rights, in the role of the military, and in basic questions of national identity.

We have urged all parties to the current crisis not to allow the political drama to distract the government from the necessity of addressing pressing economic issues which, if not dealt with now, will only present a greater threat to the government as it emerges from the crisis. In the face of political uncertainty and the lack

of progress on economic reform, economic growth remains minimal. Rupiah depreciation and resulting higher interest rates further burden the nation.

Our engagement with Indonesia must be with a view to the long term. As outsiders, we can exert little influence over immediate events and daily crises. A reformed and accountable military is vital if Indonesia's democracy is to prosper in the long term. We will work to support those within and without the military who will work for reform. Both by legislative restriction and by policy, full military relations will not be possible until the Indonesian military makes substantial progress.

Our task, in dealing with the world's third largest democracy—a nation of 210 million people spread across an archipelago comprising thousands of islands dotting vital sea lanes—is to assist, to facilitate, and to provide support in these critical years as Indonesia works to establish the foundations for a lasting, democratic, and unitary nation with a transparent, market economy.

We want Indonesia to succeed, and we will do whatever we can to help it succeed.

Let me turn now to U.S.-China relations.

China

Our relationship with China is firmly grounded in pursuit of tangible U.S. national interests. We understand, and we believe China also understands, that our relationship will have a profound impact on the security of Asia. The United States seeks a constructive relationship with China that contributes to the promotion of our shared interests in peace, stability, and prosperity in the region.

Recent events have called into question where we stand in our relationship with China and where we want to go. They have highlighted the importance of not allowing our relationship to be damaged by miscommunication, mistrust, and misunderstanding about our respective intentions and objectives. We do not view China as an enemy. We view China as a partner on some issues and a competitor for influence in the region. The Secretary of State has been clear about our vision of this relationship, stating that "China is a competitor and a potential regional rival, but also a trading partner willing to cooperate in the areas, such as Korea, where our strategic interests overlap. China is all of these things, but China is not an enemy and our challenge is to keep it that way."

From promoting peace and stability on the Korean Peninsula to non-proliferation to trade, we share common interests with China that are best served by a productive—and forward-looking—relationship.

Clearly, we have some differences. Taiwan has long been one; human rights is another, particularly freedom of expression and freedom to express and practice one's personal faith. Arms sales around the world and the proliferation of weapons of mass destruction are also important issues about which we have expressed concern to China.

We have been, and will continue to be, clear and straightforward with China about our interests, including our commitment to peaceful resolution of differences with Taiwan, to the Taiwan Relations Act, and to freedom of navigation in international waters and airspace.

We want to work both with the current leadership and with the coming generation of leaders in China. We will hold China to its bilateral and international commitments. If China chooses to disregard its international obligations in areas as diverse as security issues, human rights, nonproliferation or trade, we will use every means available to the Administration to persuade it to move in more constructive directions.

The cutting edge of reform and positive social development in China is our trade relationship. We do have a significant trade deficit with China. In 1999, the deficit was \$69 billion. In CY 2000, we exported \$16 billion to China, but China exported \$100 billion to the United States, leaving us with a net trade deficit with China of over \$84 billion.

Nevertheless, our trade with China and our investment there are, without any doubt at all, in our interest. The marketplace promotes American values; trade encourages more freedom and individual liberties. U.S. investment establishes higher standards of enterprise behavior—in regard to corporate governance, labor relations, or even environmental attention. You can see that happening today in China, where trade and investment have led to greater openness and fewer government controls on day-to-day life, particularly in the coastal region most affected by international trade and investment.

We therefore support China's WTO entry as soon as China is ready to meet WTO standards. Taiwan is ready for entry now, and we expect both to enter the WTO.

For the same reasons, we look forward to China's hosting of this year's APEC summit in October. The President has said that he plans to go to Shanghai and Bei-

jing in the fall. His presence at the APEC Leaders' Meeting will speak volumes about our commitment to market-oriented economic reform in China.

Beyond the Korean Peninsula, non-proliferation, and open markets, there are additional areas where we share interests with China and would like to see it continue or expand constructive policies. We want to build on cooperation against narcotics trafficking; China realizes that drugs are a threat to the Chinese people. We want to work with China to combat the spread of HIV/AIDS. And we will continue to work together where possible to protect the environment and promote sustainable development.

China is in a position to chart a mutually beneficial course for our future relationship. This Administration wants a productive relationship with Beijing that promotes our interests and those of the entire Asia-Pacific region. The ball is in the PRC's court. We encourage China to make responsible choices that reflect its stature in and obligations to the community of nations.

We will have to see how China deals with its own growth as a rising member of the community of nations and with the obligations and responsibilities that come with it. For our part, a productive relationship with China can only be based on a true reflection of our values, including human rights and religious freedom. These are our greatest strengths.

Turning to Taiwan, I think this Committee is quite familiar with our policy regarding cross-Strait issues. Let me say simply: the abiding interest of the United States is that differences be resolved peacefully. This interest lies behind the commitments undertaken in the three communiques, and it is at the heart of the Taiwan Relations Act (TRA).

The PRC continues to deploy forces across the Taiwan Strait specifically aimed at Taiwan—and at U.S.—capabilities. Some have suggested that our commitment to assist Taiwan in maintaining a sufficient self-defense capability, as articulated in the TRA, is at odds with our commitments in the three communiques. I disagree. The President disagrees. The defensive systems that we provide Taiwan do not make the peaceful resolution of cross-Strait differences more difficult. On the contrary, they make such a resolution more likely. It is worth noting that Taiwan President Chen Shui-bian has repeatedly expressed his continuing commitment to cross-Strait dialogue in statements this Spring.

The central question is how cross-Strait relations can move from a focus on the military balance toward a focus on ways to begin resolving differences between Taipei and Beijing. It seems to me that the answer lies in three areas.

The first priority for the PRC and Taiwan ought to be the resumption of direct dialogue. Both have said they support such dialogue, and such dialogue between authorized representatives has taken place several times over the past decade, including the meeting in Singapore in 1993 and the meetings in Shanghai and Beijing in 1998. The United States does not have a formula for resolving cross-Strait differences, and we do not seek to play a role in this process. But we do have an abiding interest in seeing that the process is pursued only by peaceful means. The prospects are good for cross-Strait progress if the PRC has the political will to advance these important talks. The parties must be clear with regard to their actions in the area of the Strait to avoid any miscalculations—that is a start. But we would like to see not just a start but real accomplishments in cross-Strait dialogue.

Even while progress on political dialogue seems stalled, economic relations across the Strait are growing exponentially. Taiwan businessmen have invested billions of dollars in the PRC. Annual cross-Strait trade is estimated to be approximately \$32 billion. There were over two million visits from Taiwan to the PRC last year. Thousands of Taiwan businessmen and their families live and work in the PRC. Revenues generated by these businesses are fueling the growth of a wide range of Taiwan businesses. Taiwan is also taking initial steps to open its market to businesses from the PRC. The entry of both the PRC and Taiwan into the WTO may well accelerate the economic cooperation between the two sides.

The third area I would highlight is what I would call mutual understanding. Both sides need to have a better understanding of the other side and what it seeks from a closer relationship. In particular, we have urged the PRC to shift from seeking to put pressure on—even intimidate—Taiwan and instead appeal to the people of Taiwan. Beijing needs to explain to Taiwan the benefits of a closer relationship rather than the perils of a more distant one.

This is part of the challenge in working with a democracy. The PRC can not ignore the elected representatives of the people of Taiwan if cross-Strait dialogue is to resume and be revitalized. Instead, it must offer a case that is attractive to a democratically elected leadership.

A combination of political dialogue, economic cooperation and mutual understanding offers the prospect that both sides will find they have increased interests

in common and therefore increasing reasons to find practical ways to resolve their differences.

A key provision of the Taiwan Relations Act (TRA), to which the United States remains committed, requires that the United States ensure that Taiwan has sufficient self-defense capability. We believe the TRA is working well.

Let me conclude with some remarks about the situation on the Korean Peninsula.

Korean Peninsula

The United States and the Republic of Korea enjoy a strong relationship across-the-board. This relationship has grown warmer as democracy has taken root in the ROK. Kim Dae-jung's push for further democratization has been a hallmark of his presidency. We strongly support this effort and believe President Kim's successes will strengthen stability and prosperity not only on the Korean Peninsula, but also throughout the region.

Our security alliance remains strong. President Kim's historic June 2000 summit with the North's Kim Jong Il raised the world's hopes that improved North-South relations could enhance the prospects for peace and stability on the Korean Peninsula. The DPRK nevertheless continues to pose a military threat to the South, and the United States remains committed to its treaty obligations to assist in the defense of the ROK.

President Kim has worked assiduously to strengthen the U.S.-ROK alliance through meetings with President Bush, members of Congress, and cabinet officials. He has made it clear both publicly and privately that a strong bilateral relationship will continue to be key to progress in North-South relations and the central element of ROK diplomatic and security strategy. President Kim has also stated that, should reconciliation on the Peninsula be realized, a U.S. military presence on the Peninsula would still be needed—an idea he has underlined in his talks with Kim Jong Il in Pyongyang last summer.

Our economic relationship with the ROK also remains vital. Korea quickly pulled out of the financial crisis of 1997 with GDP growth reaching 10% in 1999 and 9.3% in 2000. However, this resumption of growth masks an insolvent financial sector and highly leveraged conglomerates, both of which could threaten Korean economic prospects, particularly as the economy slows to a projected 4 percent this year. During the past year, the ROK has moved slowly to act on President Kim's plans for corporate restructuring and financial sector reforms to ensure continued economic growth and stability. The challenge for the ROK government is to change its traditional interventionist policy and allow market discipline freer play. We are working with the ROK and with American industry to address specific trade issues with Korea, including trade in steel, beef, and automobiles, as well as broader issues related to the protection of U.S. intellectual property.

The Administration has just completed a thorough, deliberate review of our North Korea policy. The President has directed us to undertake serious discussions with North Korea on a broad agenda, including improved implementation of the Agreed Framework, a verifiable end to the DPRK's missile production and export programs, and a less threatening conventional military posture. We will thus be pursuing a comprehensive approach to North Korea.

If the DPRK takes positive actions to demonstrate the seriousness of its desire for improved relations, we will expand our efforts to help the North Korean people, ease sanctions, and take other political steps.

Several principles guided our thinking. First, as President Bush has made clear, we strongly support President Kim's reconciliation efforts with North Korea. Tension on the Korean Peninsula is ultimately an issue for the Koreans themselves to resolve, and any U.S.-DPRK contacts should be supportive of and consonant with North-South rapprochement.

Second, we will continue to implement our commitments under the Agreed Framework while looking for ways to better achieve our non-proliferation objectives. We want to explore ways of improving implementation of the Agreed Framework, first with our allies and then with North Korea.

Third, our national security interests remain consistent: we want to see an end to the North's missile program and its proliferation activity. We also want to explore ways of reducing tensions on the Korean Peninsula caused by conventional deployments. We are now prepared to enter serious discussions with the North Koreans to achieve these ends.

Fourth, effective verification will be a prerequisite for any agreements with North Korea.

Finally, continued, close consultations among the United States, the ROK, and Japan are essential to maintaining a coordinated approach to North Korea. We have conducted two trilateral meetings with our allies this year, one, in Honolulu, just

last week. The Trilateral Coordination and Oversight Group (TCOG) is designed to ensure that cooperation among the United States, Japan, and South Korea on Korean Peninsula issues functions as smoothly as possible.

In conclusion, Mr. Chairman, I have tried today to provide both a broad overview of the region and a more detailed perspective on the challenges and priorities we face in several key relationships there. Mr. Chairman, I would be pleased to address any issues you and the Members of the subcommittee might care to raise.

Let me also express my thanks once again to you and the subcommittee for the opportunity to testify today, and my strong interest in continued close cooperation with you, the subcommittee, and the full committee.

Mr. LEACH. Thank you very much, Mr. Kelly, for the broad overview.

I want to just begin with the last set of issues, which relate to the Korean Peninsula. At issue, of course, are the broad goals, and it is my assumption that the United States strongly continues to support reunification of Korea on a realistic democratic values basis, but one has to be concerned about some of the processes.

Granted, all the processes are not under our control largely because of the kind of government that exists in the north, but it is my understanding the President has clearly indicated the willingness to discuss a broad range of issues with the North.

You have indicated a desire to consult with our allies in this process. There was at one point a four party process that was also under consideration and in fact existence. Do you intend to also work with the Chinese, which you left out of these discussions in your opening statement? Does the four party process continue to exist, or does it not?

Mr. KELLY. Yes, Mr. Chairman. The four party talks will remain an option which we would be ready to pursue at any time. These came to an end, I think, mostly because of the desires of the two Korean sides, which replaced them with their own dialogue, but the four party talks remain the only real venue to providing a replacement to the almost 50 year old military armistice agreement.

Any such agreement would have to be between the two Korean sides, although China and the U.S., as signatories to the original armistice, would obviously be witnesses and in support of those things.

China is a part of our consultation process. As I mentioned, many of our interests in the Korean Peninsula do coincide with those of China. I held discussions on that point when I visited Beijing not long ago, but our principal cooperation and consultation is with our two Northeast Asia allies, who are the Republic of Korea and Japan.

That is where the intense day-to-day consultation goes on, but by no means is China excluded. China is very interested in this process I found as well.

Mr. LEACH. Do you want to make it categorically clear, that the United States is very willing to continue a warm and cordial relationship in these discussions with Kim Dae Jung? Is that correct?

Mr. KELLY. Certainly. There has been a lot of misunderstanding about this. The President's statement when President Kim was here in March was unequivocal in support of his policy of engagement with North Korea, sometimes called the sunshine policy.

The fact was that the new Administration, in the process of staffing itself up and with considerable uncertainty about some of the things that had gone before, needed to take a very thorough and

comprehensive review of its policies toward North Korea. It did so, and the review was concluded last week. The results have now been briefed to our allies, and contact can begin with North Korea.

The real test will be when the contacts resume between the north of Korea and the south of Korea. We had what I understood to be a commitment by North Korea's Chairman Kim Jong Il to reciprocate the visit of President Kim by coming to South Korea this year. There are various stories surrounding it, but it has not happened yet.

In the end, the real progress toward peace and security on that peninsula is going to be made between the two Korean sides. Meanwhile, we have some important interests to pursue, and we are going to do so without any preconditions in beginning a negotiation process that I expect will be protracted, but will be a very serious one.

Mr. LEACH. Thank you very much, Mr. Secretary.

Mr. Faleomavaega?

Mr. FALEOMAVEGA. Thank you, Mr. Chairman.

Secretary Kelly, I would be the last person to make any statements claiming expertise, but you had mentioned earlier about missile defense. From a laymen's point of view, I have tried earnestly for the past 6 months to figure out exactly what is the Administration's position on missile defense.

As I initially understood, missile defense was a necessary tool to provide our country with absolute security against rogue states like North Korea, Iran, and Libya, and perhaps even against China.

Later, I learned that the Administration—at least from media reports—felt missile defense technology now by necessity had to be shared with our allies, presumably primarily with our European allies. However, little was mentioned about our allies in the Asia-Pacific region.

Some of the fundamental questions that have always arisen about missile defense are will it work, when will it function and, obviously, the question of costs. If the media reports are accurate both the Russians and the People's Republic of China, as well as the European Union, all appear to question the appropriateness of such a major change affecting geopolitical security.

You indicated earlier that you did consult the officials of the People's Republic of China about missile defense. Can you share with the Committee substance of that discussion as far as China's position on missile defense?

Mr. KELLY. Thank you for that question, Mr. Faleomavaega. I have to say that my responsibilities are for East Asia, and I am not an expert in missile defense, but I did have that job of going to several countries to explain the thinking behind the framework that was in the President's speech of May 1 given at the National Defense University.

This is a very complicated subject. Missile defense covers many, many things. What I talked to Asian allies and to Asian friends and everyone about was a broader concept in which the President articulated a commitment to nuclear stability, in particular to non-proliferation efforts regarding nuclear weapons, counterproliferation efforts to nuclear weapons, missile defense as an important tool against the shots that might hazard the United States and

might hazard allies under some conditions and also some unilateral reductions in the American nuclear arsenal as a part of the defense review now going forward.

I was accompanied on my visit to China by experts from the Pentagon, as well as the Arms Control Bureau of the State Department. We gave our presentation at considerable length, and the Chinese gave theirs at a considerably greater length. I was struck that there is going to be considerable room for dialogue with the Chinese.

I do not characterize China as a rogue state. I favor the term "hard cases" myself, but it would primarily apply to places such as North Korea with its ballistic missiles, possibly to Iraq, to Iran, to Libya. There may be some other places as well. Those are the ones that used to be called states of concern and sometimes rogue states.

With respect to working with allies, the President is off to Europe, as you know, today. I think there will be news made on that score in time to come. In East Asia, our ally, Japan, is extremely interested in aspects of missile defense and is pursuing a research program in close conjunction with our own.

I think the last point I would want to make on this is that what the President described is in fact a variety of programs of missile defense that would attack ballistic missiles at several different points and not just a single set of solutions. A ballistic missile takes off, and it travels rather slowly at the beginning in the so-called boost stage. This is a place where it is very attractive to try to attack a missile that might be aimed at our country, and it is an area in which so much of the research is precluded under the 1972 ABM treaty, which is one of the many problems that the Administration has with that treaty. We do not believe that it is the cornerstone of arms control.

Then, of course, there are mid course ways of attacking missiles, and then there are ways in the final path in which a missile may be coming in. Many of these technical approaches have interesting aspects that are worthy of exploring, but the Administration has not yet made the choices of which of these are most promising and which ones should be seriously pursued.

I think what is being prepared is the process of setting up the diplomatic framework, dealing with the issue of the ABM treaty, and the President's meeting with the President of Russia may well lead I hope to some progress on that, but also the problems that the ABM treaty provides and our research in making the——

Mr. FALEOMAVEGA. Mr. Secretary, I am sorry.

Mr. KELLY. Excuse me.

Mr. FALEOMAVEGA. Sure. My question was on the substantive discussions you had with the PRC concerning missile defense. I just wanted to know the substance of your discussions. Is China favorable to the idea of missile defense?

Mr. KELLY. China is not favorable to the idea of missile defense.

Mr. FALEOMAVEGA. Okay. That is what I wanted to find out.

Mr. KELLY. We are going to have many more talks with them. This was the beginning of our process.

Mr. FALEOMAVEGA. Secondly, some cost estimates have been as high as \$200 billion, once the missile defense budget gets moving between Congress and the Administration.

Please do not get me wrong. I am for defense. I do not think any Member of the Committee here wants anything less for the security of our Nation. However, I suspect if the media reports are accurate that the recent visits of Secretary Powell and Secretary Rumsfeld to Europe regarding missile defense, have not been very positive, and I suspect the President is going to have a very difficult time also in discussing missile defense on his first visit to Europe.

The Philippines. Eighty million people. Former President Estrada is in jail, and yet the Senate supposedly did not vote in favor of impeaching him.

What is the status of former President Estrada? How did Mrs. Elania Arroyo assume the office of President?

Mr. LEACH. Excuse me, Mr. Faleomavaega.

If I could ask you to respond very briefly, and then we will come around with another line of questioning?

Mr. KELLY. I promise, sir. I went on too long about a subject that is not my own.

The answer is that the Supreme Court of the Philippines or the Constitutional Court, I believe, upheld the legitimacy of the succession that took place in the Philippines, and that has been widely recognized internationally.

It is my understanding that certain charges have been filed under Philippine law against the former President, Mr. Estrada.

Mr. FALEOMAVAEGA. Thank you.

Mr. LEACH. Thank you.

Mr. Rohrabacher?

Mr. ROHRABACHER. Thank you very much, Mr. Chairman.

Mr. Secretary, could you tell us how much North Korea is receiving and has been receiving in American foreign aid per year?

Mr. KELLY. I would have to get that specific number for you for the record, Mr. Rohrabacher. It is a lot. It is primarily in food aid. I want to say it is somewhere in the neighborhood of \$100 million worth of humanitarian food aid. Additionally, there is the fuel provided under the agreed framework.

Mr. ROHRABACHER. All right. So you have fuel. You have food. Are they the biggest recipient of American aid in Asia?

Mr. KELLY. Yes, sir.

Mr. ROHRABACHER. So you have this bizarre regime up there getting more foreign aid than any other country. This is one of the most repressive regimes in the world.

Do we plan to continue providing North Korea this level of aid if North Korea continues to use its own money to build up its military?

Mr. KELLY. What you raise, Mr. Rohrabacher, is a very important part of review and why we have expanded the kind of issues for us to discuss with North Korea. Clearly the hunger problem seems to go from a crisis of a flood 1 year to a crisis of a drought this year. These have exacerbated the problem, but they are not the heart of the food problem.

Mr. ROHRABACHER. There will always be droughts and floods in these dictatorships. You can see this in studies of food distribution. The countries are side by side. Food production and democracy in a free country will be so much greater, even though it is the same environment right across the border.

This shows you one of two things, you know. Either there is this miraculous drought occurring and floods occurring in places like North Korea, or there is a God, and he hates dictators. I suspect the latter rather than the former.

Mr. KELLY. Unfortunately, the drought has hit South Korea, too.

Mr. ROHRABACHER. But you notice people are not starving in South Korea.

Mr. KELLY. Precisely not because they have a functioning and excellent economy.

Mr. ROHRABACHER. Correct.

Mr. KELLY. And usually they have water systems and things like that rather than building up their military.

I would hope that we do not continue the lunacy of the last Administration in providing so much aid to a country that uses its own money to build weapons and continues to repress its own people. In that case, it is our government that needs the psychiatrist and not theirs.

About the Philippines. It is rather disturbing to me that this Administration has moved forward to try to promote trade with Vietnam and investment in Vietnam, which has had no democratic reform, when you have a country like the Philippines which are struggling to be democratic and the people there are totally committed to democracy and a country that, I might add, has been targeted by this Abu Saif terrorist group, which was trained in Afghanistan by Benladen.

This is a country that has tremendous challenges, yet we are trying to move forward and get people to invest in Vietnam, a dictatorship. That does not make sense.

Mr. KELLY. Well, we are certainly encouraging people to invest in the Philippines, too. I do not think there is a fundamental incompatibility with promoting exactly the factors that you point out about the government of the Philippines and especially with the encouraging recent news of passage by the Philippine Senate and Congress of the power sector reform legislation recently. There are a number of measures that are very likely to make investment in the Philippines more attractive.

Mr. ROHRABACHER. Mr. Kelly, when we encourage businessmen, there is only a limited amount of investment in this that we have, American investors overseas. When we encourage them to go to countries like China by offering Export-Import Bank loan guarantees and subsidies for businessmen to set up factories there or in Vietnam or other dictatorships, that is money that is not available to be invested in the Philippines and in countries that are struggling, Thailand, countries that are struggling to be democratic.

One last question, and that is did you see the story today in the Washington Times about China, Communist China, shipping weapons to Cuba? China seems to be expanding its influence into Panama and other strategic spots throughout the world in a way that would threaten America's national security sending weapons to Cuba.

What is the new Administration going to do about that? The last Administration decided to grovel. What would be this Administration's position?

Mr. KELLY. Mr. Rohrabacher, we are not going to grovel. I did read that story in the morning paper, and I have some questions and am going to get more fully briefed on the arms to Cuba.

The Panama situation is a little different. That is a Hong Kong port operator. Hong Kong itself is the largest container port in the entire world, and I am not sure it is exactly the same thing, but we are very much concerned with this PLA cooperation and movement of military equipment into Cuba.

Mr. ROHRABACHER. Thank you, Mr. Chairman.

Mr. LEACH. Thank you, Mr. Rohrabacher.

Mr. Blumenauer?

Mr. BLUMENAUER. Thank you, Mr. Chairman.

Mr. Secretary, I appreciated your nuanced comments regarding China, and your clarification of the Administration's interests in promoting stability on the Korean Peninsula where I think most of us would concur Americans have been most at risk for a generation in terms of being drawn into armed conflict.

I think most rational people would commend the Administration for having a balanced program to try to de-escalate tensions and promote the efforts of the South Korean Government to reconcile with the North consistent with our foreign policy objectives.

I also appreciated your comments about what I took to be that we are attempting to strengthen market economies wherever we can find them in Asia, be that in China, Vietnam, or the Philippines, where we are trying to promote more economic choice and stability.

I would like to focus in one area if I could. I referenced in my opening comments a deep concern about the environmental stress that we are seeing in the area for which you have departmental responsibility—deforestation, disruptive practices in fisheries, destruction of coral reefs, global climate change that may be accelerated because of practices in that area.

We are also looking at massive population shifts in Asia with over half the population concentrated in large metropolitan areas where often there is not adequate environmental and physical infrastructure. Both of these forces would appear to have pretty dramatic destabilizing effects not just on the environment, but on health and the geopolitical stability as well.

I wonder if you have any comments on what the Administration is planning to do to deal with these direct environmental threats and the problems of the shifting of population and the problems of governments and settlement patterns in these countries.

Mr. KELLY. Well, Mr. Blumenauer, all of those problems that you mentioned are very much of concern to the U.S. The good news is that they are very much more of concern for the countries in East Asia than they were.

I have been out of government 12 years and spent all that time traveling regularly both in business and in non-profit organizations throughout East Asia, and the rise of the concern and attention to these issues is very significant.

This is the first step. We have something we can work with. There is a lot of expertise in this country on clean water and working on water problems, working on trying to retard soot in power plants. There are various programs.

In the case of the poor developing countries there are some assistance and work that we can do with those governments. In the case of the more developed countries it is a case of enabling American business to be able to come over and help provide some solutions.

In addition, we work very closely with the Department's Office of Global Affairs and other parts of the U.S. Government in helping and welcoming and setting up ways for these governments and individuals to come here and seek solutions. That is about the best I can give. It is very much on the radar screen, and we are trying to help. We are not going to be able to fix it by ourselves, but we have lots of partners.

Mr. BLUMENAUER. I appreciate your referencing the opportunities for American business to actually be involved with some of the solutions. I come from an area in the Pacific Northwest where there are a number of firms that are very much engaged in everything from infrastructure design, environmental protection and pollution prevention. I do think that that is part of the solution.

I guess I would be hopeful that we could get some feedback from you, and I would appreciate if there is an opportunity to check within the Department if there are some specific areas that deal with, as you mentioned, the promotion of business solutions in terms of promoting that. I am also interested in what programs in terms of aid or legislation or activities or international cooperation that this Administration is going to be involved with, initiatives that we in Congress might be able to facilitate either through the appropriations process or the authorizing process, so that we can have an effective partnership to deal with the destabilizing impacts of environmental disruption and changing demographic patterns.

Mr. KELLY. There is a great deal of exactly what you say out there. I am still learning about it myself, Mr. Blumenauer, and I will be happy to get back to you with a lot more detail and some things I think that you will be interested in working with.

Mr. BLUMENAUER. Thank you very much. I appreciate that.

Mr. LEACH. Mr. Smith?

Mr. BLUMENAUER. Thank you, Mr. Chairman.

Mr. SMITH. Thank you very much, Mr. Chairman.

Mr. Secretary let me just ask a couple of questions, and then I will yield to your answers.

On religious freedom in China, recently I had written Ambassador Yang on behalf of a bishop, and I have written to that government many, many times on behalf of persecuted people of faith. I got back this response:

"The Chinese Government pursues a policy of guaranteeing freedom of religious belief. Article 36 of China's constitution stipulates that Chinese citizens enjoy freedom of religious belief and that no state or public organization or individual may compel individual citizens to believe in or not believe in any religion."

It goes on from there.

Your take on that kind of statement, especially in light of the fact that Cardinal Law has now again just written, and I was asked that the letter be made a part of the record, to the Amba-

sador asking that two new bishops that he knows of have recently been arrested.

The Cardinal Kuhn Foundation says that there are at least 71—14 bishops, 17 priests, and these are the ones that they know about—that are being incarcerated specifically and only because of their faith, and then the Ambassador has what in my view is the audacity to say that religious freedom flourishes in China. Your response to that?

Secondly, if I could, because we have the 5 minute rule, if you could tell us exactly what we are doing as a government, the State Department, the Administration, to effectuate the release of Dr. Lee and others who are being held against their will? These are American hostages who are of equal value to our men and women in uniform who are held on Hanon Island. They must be released, and we need to be putting the full measure of effort behind that.

If you could in responding to that, we know that the APEC meeting is slated for Shanghai in the fall and that President Bush personally plans on attending and participating. I understand that Colin Powell, Secretary Powell, will be traveling there in July.

It is my view, and I would appreciate your view, that it would be inconceivable for the President to set foot in Shanghai if American hostages are being held by the Chinese dictatorship.

Finally, let me ask you, and what steps might be taken again along those lines, on Vietnam. During your visit to Vietnam in mid May, Reverend Lee was detained for “spreading propaganda against the government.” In addition, a prominent Buddhist monk, Ti Kwon Do, was questioned and accused of trying to undermine the government simply by trying to meet with senior leaders of the Unified Buddhist Church.

We know, and we have had some briefings on this, and I have spoken to a number of people who seem to be in the know, that there is a massive crackdown on the Matinyards in the Central Highlands. What do we know about that? What has our response been?

With the U.S. bilateral trade agreement, no matter how one feels is this not the wrong time when there has been such a crackdown on religious freedom and especially the Matinyards and others in Vietnam?

Mr. KELLY. Mr. Smith, there are a lot of questions and a lot of answers there. Let me try to be as quick as I can.

On religious freedom in China, the Ambassador may be technically right, but, as you well know and we all well know, that is not the entire story. Now, it is probably so that there are a lot more people involved in religious activity in China now than say there were 20 or 25 years ago, but at the same time the restrictions that you have so eloquently cited are very much there.

The pressure on religious organizations which have not become a part of the state apparatus is intense. The effort on various practitioners, both Christian and otherwise, are serious and intense, and that is a serious problem which I brought up in my visit and which will come up in all of our serious contacts with China.

On the recent detentions, there have been recently two cases of arrests of American citizens, including Professor Lee whom you cite and whose wife and daughter were here or are here at the hearing.

There is also a Professor Wu. There are also two American permanent residents I think cited by the Chairman who have been apprehended recently.

We are concerned about each and every one of these cases. We have raised them, and we will continue to raise these issues at several different levels. I have raised them myself at several different levels.

We continue to request that the detainees be given access to legal representation, which they have not, in accordance with international human rights standards. We have, in accordance with our consular agreements, been able to visit the American citizens recently. There have been four visits, for example, to Professor Lee, but that has not resulted—

Mr. SMITH. If I could interrupt? Pardon me.

Mr. KELLY. Yes, sir?

Mr. SMITH. What was the most recent visit with Professor Lee? Was it unsupervised? Was there any signs of mental or any kind of coercion?

Mr. KELLY. I do not know the answer to that. It was within the last 10 days, and I will have to read the report and get back to you, Mr. Smith. I suspect it was not completely unsupervised, although I think it was a satisfactory visit in which Professor Lee was able to speak to our consular representative.

In the case of those who are permanent residents and who entered China under Chinese passports, our access is much more limited. Now, as an expression of concern about this pattern of detention, we issued a public announcement on April 19 concerning and warning about travel to China by U.S. citizens and permanent residents of Chinese descent who have criticized Chinese Government policies or who have had close connections with Taiwan or Taiwan media before.

A quick other answer. They are important issues certainly of equal rank. Every American citizen stands equal under the law and in the eyes of our representatives. Those who enter China voluntarily and those who enter China involuntarily may have a little different circumstances of how they got there, but our determination to ensure their proper and correct treatment is equal.

The APEC meeting is coming up, and you can be sure that the human rights concerns will be very strong. Plans are not yet complete for any visit by Secretary Powell, but he will certainly keep these issues very strongly in mind.

On Vietnam, I agree with your point. Reverend Lee and Venerable Do were put under pressure the very day that I was visiting Vietnam. I raised it with the foreign minister and with the vice-foreign minister, and I do not know if it did any good.

The Montagnards. This is also a troublesome area where we are trying very hard to get free access into that region of central Vietnam. We have not been able to do so on a free and independent basis. There have been a number of Montagnards that have become refugees and been able to go away from Vietnam under conditions.

Mr. SMITH. Thank you.

Mr. LEACH. Thank you, Mr. Smith.

Mr. Ackerman?

Mr. ACKERMAN. Thank you very much.

Mr. Secretary, which country in all of East Asia has the largest degree of starvation? Would that be North Korea?

Mr. KELLY. I would say North Korea, especially since Afghanistan, which is getting bad fast, is not in East Asia.

Mr. ACKERMAN. Do you think it is bizarre that the nation that has the largest number of people starving to death should get the largest amount of food aid? Is that bizarre, or is that normal?

Mr. KELLY. Well, Mr. Ackerman, it is a matter of humanitarian need. Our food aid goes to those who have the humanitarian needs.

Mr. ACKERMAN. So then you would not characterize it as bizarre?

Mr. KELLY. Well, I would characterize it as bizarre when you get into the causes and the elements that have facilitated this kind of prolonged and persistent starvation issue.

Mr. ACKERMAN. I am trying to give you a left-handed compliment. I believe you are doing a good job and doing the right thing. The colleagues described it as bizarre. I would describe North Korea as bizarre. Their system is bizarre. Their leadership is bizarre.

The actions of your Department in giving food aid, humanitarian aid, to the most needy of places where people are starving to death, that is what you should be doing, and I congratulate you for it. I do not think that is bizarre at all. That is what food aid is for.

Reference was just made to Americans that you described as detainees in China. My colleague, Mr. Smith, strongly referred to them as hostages. Now, most of these people, as I understand, have been uncharged. I would like to know at what point detainees become hostages.

If they are hostages or when they become hostages you have said what the President is going to do, but I do not understand the distinction that the Administration makes, having heard the comments of my distinguished colleague from New Jersey.

Mr. KELLY. Mr. Ackerman, I would not dream of challenging any Member of this Committee on those particular definitions, whether it is hostage, detainee, prisoner, all of those different issues. I do not think those are very firmly defined.

I am not sure that our EP-3 crew, who was forced to land in China, I am not sure they were prisoners, but they were certainly not free to go for 11 days. That was a matter of very great concern.

Rather than focus on the particular language, I would just say that when American citizens are held under these strange and political related circumstances it is a big issue between the U.S. and China.

Mr. ACKERMAN. Well, having gone through this in not very recent history, but when the media starts putting up Hostages Day 1, Day 2, that seems to take on a whole new life with the American people to try to infuse additional action into the Administration, whichever Administration may be in power at the time. I think some of us are mindful of that; hence, the concern about the language that we use.

In your testimony, Mr. Secretary, you talked about China's accession to the WTO, and you also mentioned that Taiwan would be eligible you believed this year as well. One question is on how you orchestrate that? What is the strategy within the Administration?

How do you get from here to there with these objectives that I think we all find quite noble?

Secondly, and let me give you my other question, two others, right up front. There are two competing schools of thought it seems as to Beijing's desire to rapidly or not so rapidly reunify with Taiwan. The first school says that, you know, they are willing to play the waiting game and see if the KMT comes back into power.

The other argument is basically people who say that more and more people in Taiwan are losing generationally their sense of identity at all with mainland China and making it a less desirable notion on Taiwan.

What do you think Jang Zemin's strategy or plan is here, having reunited already with both Hong Kong and the local? Does he go for the trifecta this year or not?

I will save my other question for another time.

Mr. KELLY. I will try to answer it quickly, Mr. Ackerman.

On Taiwan and the WTO, Taiwan, of course, has been effectively qualified to enter the WTO for quite a while. It is a consensus organization on membership matters, which means that everybody has to come along. It is our clear understanding that everyone will be coming along now that China appears to be headed for membership, but this is not—

Mr. ACKERMAN. It is basically a strategy question. Do we predicate China's entry on the pre-agreement that they will not object, being that everything is done by consensus, under the assumption that China goes first—they could fail to give their consensus, effectively vetoing the entry of Taiwan—or do we put up Taiwan first, or do we do them simultaneously?

Mr. KELLY. I do not know, Mr. Ackerman, the precise modality of that strategy. It is that both the trade and the political negotiators believe we are on pretty firm ground, and the issue has come up often in these discussions. There would be very serious implications if there was some sort of break of faith on that.

The idea is that they are to join during the same general council or WTO session. As I said, PRC membership is not yet a done deal. There are several other countries, and there are negotiations that have to go on with Geneva. Things are not over until the last "i" is dotted, so I would not want to predict that that is all set.

Finally, on the cross-strait issue, our policy is peaceful resolution on this one, as you know. Jiang Zemin clearly thinks that it is an important issue. The legitimacy of the Chinese government has very much been based over quite a few years on the economy being better from year to year and increasing nationalism very much, so the Taiwan issue comes in on that nationalist side. That is a matter of concern for us.

We hope and expect that this issue will not be pressed by force this year or any other year. This is something that the two sides ought to be able to work out in the fullness of time, and I do recognize the difficulties on the Taiwan side.

Mr. LEACH. Thank you, Mr. Ackerman.

Mr. Chabot?

Mr. CHABOT. Thank you, Mr. Chairman.

Mr. Secretary, in recent years the United States has pursued a policy of normalization with Vietnam. Congress will soon consider

a bilateral trade agreement with that country that was negotiated by the Clinton Administration.

As of June 1 of this year, according to the Department of Defense, 1,973 American servicemen from the Vietnam War remain unaccounted for in Southeast Asia. Many believe that increased engagement with a Communist government in Hanoi and increased U.S. access to Vietnam will lead to greater cooperation of the POW/MIA issue. Others believe that the Vietnamese have been no more forthcoming than they have at any other time in the last 25 years.

Mr. Secretary, how will the POW/MIA issue be addressed by this Administration, and can we expect the Vietnamese to display a greater degree of cooperation, and can we count on the United States Government to continue to bring pressure on the Vietnamese dictatorship so that the hundreds of American families who have lost fathers and sons and brothers in the war will finally achieve some accounting of their loved ones?

Mr. KELLY. The answer to your question is that the fullest possible accounting of American POWs and missing in action remains a very strong policy of this government. I worked a lot on this issue through the 1980's and need to do a little bit more work to be re-familiarized with every detail, but it is obvious that we have a much greater access now throughout Vietnam.

There was the tragic loss of I think seven Americans and nine Vietnamese, if I recall correctly, in a helicopter off to a remote part to explore a crash site in just such a resolution. This is about 2 months ago.

These crash site investigations, as well as accounting through the information that Vietnam has provided, have proceeded, but it is my understanding that Vietnam has still not provided all the information of which it may be capable, and that is going to be a serious issue on our agenda with them.

Mr. CHABOT. Thank you. Next, relative to China, and you have touched on this already, but a number of us who supported MFN and then NTR and then PNTR in light of our plane incident and now a number of Americans being held and the continuing disregard for human rights and forced abortion and all the rest, many of us who supported those things supported them with the understanding or belief or hope, some would say a leap of faith, that they were going to improve over time as our trade opportunities improved, and they wanted to continue that.

With these latest incidents, does this Administration still believe that free trade, especially with respect to China, is the way to go and that they ultimately will improve? I know it is difficult for you to venture a guess, but I would like to hear what you have to say.

Mr. KELLY. Well, as Secretary Powell made clear in his editorial bit in the Washington Post last week, normal trade relations status is in America's economic and commercial interest, and it is really a key element in promoting a stable and constructive relationship with China. Is China going to be far from perfect? Is it going to be even normal in all of these issues at a particular time schedule? The answer is we do not know.

Is it likely to be better by having more transparent activity, by having more serious business activity, having more people involved in the global economy and less involved in things like state owned

enterprises? Yes. We continue to be confident that over a period of time this is going to make a difference and that the economic reform will be paralleled by a kind of political reform in China as well.

I do not have a time table for that, Mr. Chabot. I do not know when it is going to happen, but we are going to keep plugging away at it, while at the same time making clear our position on these objectionable undertakings.

Mr. CHABOT. Thank you very much.

Mr. LEACH. Mr. Issa?

Mr. ISSA. Thank you, Mr. Chairman.

Revisiting North Korea for a moment, recently some weeks ago the Congress as a whole, the House as a whole, voted to cut off all aid, both military assistance and humanitarian aid, including wheat and the like, to Lebanon totaling about \$60 million total. All but \$600,000 was humanitarian.

In light of that sense of the Congress to continue to deliver to North Korea, not a country who might have terrorists operating on its south border, but a country that is the originator of terrorism, is the originator of weapons that are being exported and clearly is a country that is still developing nuclear capability; there is no sign that they are not.

Would it be any surprise that the Congress might in fact adopt a very similar resolution to that effect and/or cut off funding? What do you think the impact would be?

Mr. KELLY. The answer is pretty complicated because this is not a normal aid program. The food aid on a humanitarian basis through the World Food Program is really a little bit different than some of these others, and the impact on that would clearly be on people and individuals.

The fuel aid is a part of this October 1, 1994, agreement that has in fact accomplished some things that are worthwhile, namely freezing the ability to reprocess the fissionable material from some nuclear reactors.

Now, as a result the declared nuclear program of North Korea has been brought to a stop, and this was something that was looked at very carefully during our review. We are always interested to find out whether there is something going on, and that is why this emphasis on verification about which we are talking.

The last point I just would like to make is the very strong interests of our ally in trying to socialize and improve relations with the North. It is taking the kind of prospect that we have with China to another order, but they are doing so for very good and very serious reasons, and I think we have to respect and think very carefully what those are.

Mr. ISSA. I appreciate that, Mr. Secretary. The question, though, if I can steer it a little bit more to a point, is assuming that we cut off the aid, direct or indirect, effective tomorrow, what do you believe the impact would be?

Mr. KELLY. Mr. Issa, as an official I really hate to get into hypothetical questions, but the impact would be very serious if we cut it all off. It would end the Agreed Framework, and the President has pledged to support it.

On our terms, as long as North Korea is honoring its terms, and there are some very important further steps developing on this, not to mention the economic participation in terms of building the light water reactors by Japan and South Korea. It is going into billions of dollars. I think they would be unhappy to see this, so the implications could be pretty serious.

Mr. ISSA. So I guess to summarize, you consider this an important tool?

Mr. KELLY. This is an important tool, but one that needs to be looked at very carefully in terms of what it is obtaining and what has been promised and what is being delivered, and on both an open and classified basis we appreciate the opportunity to brief you and other Members of this Committee.

Mr. ISSA. My final question on a much lighter note, still serious though, is if you could give us your feel on the accomplishments and progress on intellectual property respect throughout the region?

Mr. KELLY. There has been a lot of work on this over the years, and it is considerably better. As I am sure you know, this progress has been uneven, and there is a long way to go.

There are some basic disagreements about international or intellectual property rights, but we have made a lot of issues both in negotiating agreements and in pointing out violations of laws that countries have on the books and were not enforcing.

Mr. ISSA. Thank you, Mr. Secretary.

Thank you, Mr. Chairman.

Mr. LEACH. Thank you, Mr. Issa.

We are going to have several more questions if that is all right. Mr. Faleomavaega?

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman. I do appreciate Secretary Kelly's patience in staying to respond to several questions from the Members of the Committee.

Mr. Secretary, you had indicated also in your statement the status of Indonesia, a former Dutch colony for some 300 years. Indonesia was later governed for some 40 years by the military regimes of Sukarno and Suharto, perhaps one of the most repressive military regimes of that time.

It has only been in the last 2 years I believe that Indonesia finally elected its own President, with Suharto being ousted and questions seriously raised regarding the fortunes that were made by the Suharto family during the period of his regime.

We also know that the former Portuguese colony of East Timor has been given its independence from Indonesia after some 200,000 East Timorese were murdered and tortured by the Indonesian military since the early 1970's.

One of the issues that I have always raised over Indonesia, Mr. Secretary, is that you cannot talk about East Timor without also discussing the issue of West Papua, New Guinea. In West Papua, New Guinea, I can also give you a little rendition of history where 100,000 West Papuans were murdered and tortured by the military regime of Suharto, and were denied the right to self-determination as a former colony. It almost suggests that two wrongs cannot make a right.

Being a former Dutch colony, West Papua continues to remain a colony under the Indonesian government. Apparently West Papua, New Guinea, has the largest gold mining operation in the world, with American and Australian mining interests, and this has been a factor in the present situation.

Mr. Secretary, what is or what should be our policy toward West Papua, New Guinea?

Mr. KELLY. We support, Mr. Faleomavaega, the—as we have stated, we support the territorial integrity of Indonesia, and we have urged all parties to focus their efforts on a political solution that addresses the legitimate Papuans' grievances and aspirations within the framework of a stable democratic and united Indonesia.

A meaningful dialogue between the government of Indonesia and Papuans is the very best means to address the underlying problems that have led to calls for independence. We have strongly urged the government of Indonesia to abandon the security approach in Irian Jaya in favor of a political dialogue and to uphold justice, human rights and rule of law. The real hope is that the Indonesia Government will move quickly to finalize and implement the promised special autonomy package for Irian Jaya in consultation with provincial leaders.

Now, this would allow and this is comparable to what is being discussed for the far western province of Aceh for the significant resources, and you mentioned the gold in Irian Jaya, to be more equitably shared with the citizens of the particular territory involved. West Papua or Uronjia is not exactly the same situation under international law that East Timor was or is.

Mr. FALEOMAVAEGA. Mr. Secretary, I beg to differ with you. West Papua, New Guinea has no cultural or historical relationship whatsoever with the Javanese people of Indonesia. West Papuans are Melanesian. Although 800,000 are left, over 100,000 have been murdered and tortured by the Indonesian regime and military, and I am going to continue raising this issue because I think there are some historical facts that need to be brought out for public review.

Mr. Secretary, the statement that you made today is really a major shift in Administration policy, regarding the Korean Peninsula. I want to commend the Administration for this because, as I recall, when President Kim Dae-Jung paid a courtesy visit here in Washington he was literally given the cold shoulder by the Administration with regards to dealing with North Korea, perceived rogue state.

I am really happy that the Administration has done a 360 degree turnaround, as it is more constructive to re-enter into dialogue with North Korea, as well as working closely with President Kim to support his Sunshine policy. I want to commend the Administration for this change of policy.

Mr. KELLY. Well, sir, if I may respectfully disagree with you, sir, about that. It is not a 360 degree turn. This is in fact quite consistent with the earlier testimony of Secretary Powell and the President's remarks and statement on the occasion of President Kim's visit.

I will send the text of those over to you. I think you will find that this distance, this refusal, whatever the various terms have been used, are inventions of imaginative media members.

Mr. FALEOMAVAEGA. Mr. Secretary, I will be happy to submit that as part of the record if it is all right with the Chairman. I would be more than happy to receive that.

Just one more question, Mr. Secretary.

Mr. KELLY. Yes, sir.

Mr. FALEOMAVAEGA. In recent months, and again I do not necessarily believe all the media reports, one word that seems to be repeated in describing Administration policy is unilateralism, to the extent that the Administration pursues what is perceived to be in our national interest regardless of what our allies believe in or any other nation.

Does this seem to be the pattern or the trend in terms of how this Administration is conducting foreign policy, an attitude of to heck with the rest of the world as Uncle Sam will take care of itself?

Mr. KELLY. Mr. Faleomavaega, those terms are the ones that are used by Administration critics in trying to attack the Administration.

The fact is in the East Asia and Pacific region we have important alliances. We have a lot of friendships. This region, as you know so well, is just too big for us to have the pretention of doing it all ourselves or even to do very much about it ourselves.

We have some influence. We have a lot of influence some places, but the role of unilateralism in the Asia-Pacific is something that is admired by people inside rooms in Washington DC and not out in the region. It is not the policy that this Administration has.

Mr. FALEOMAVAEGA. Well, I am glad to hear that, Mr. Secretary, but I do appreciate your response.

Thank you, Mr. Chairman, and thank you, Mr. Secretary.

Mr. LEACH. Thank you, sir.

Mr. Chabot, did you want to add a follow up question?

Mr. CHABOT. Thank you. I will be brief. You touched on this before, Mr. Secretary, but relative to the terrible situation in the Philippines with respect to if it is true an American kidnap victim being killed, there seems to be an increase internationally in the whole area of kidnapping, not obviously just in the region of the world that we are discussing this morning, but we have seen it in Colombia, you know, in the past obviously and Lebanon and Italy and other places, so it has been worldwide.

Could you elaborate a bit on the U.S. policy and what, if anything, our government can do? I mean, I know we do not negotiate with kidnappers, and I think it is totally appropriate that we do not, but what pressure or what power do we have to exercise about these generally terrorist groups, but sometimes criminal groups and sometimes a combination thereof who seem to have very little respect for human life or the families that are so traumatized by these terrible incidents? What can the United States do about this?

Mr. KELLY. As you say, sir, the line is between ideology on the one side and outright criminal activity on the other or between the problem of counterterrorism and the problem of transnational crime. Particularly in the case of this Abu Sayyaf group, there is a loose association with fundamentalist Muslims, but this is really about money. This is about making lots of money for people who are completely ruthless in doing it.

Our response has to be just as if something like that happens in our own country: to firmly respond with credible law enforcement and assistance to the law enforcement and security authorities of the government.

In the case of the Philippines, we are in frequent and regular contact providing assistance in both I would say hardware and software, both technological equipment that might give them some advantage and also some advice of things that we think have worked out elsewhere. The results, unfortunately, are not guaranteed.

Mr. CHABOT. Thank you. Just one other point. There have been a number of stories in the press lately about where the Administration is being tagged with turnarounds or roll reversals on a number of issues—North Korea recently, Iraq, Kyoto, a number of them.

Correct me if I am wrong, but my impression has been that the previous Administration had various policies on these things and others. When you have a new Administration come in when asked questions on a whole range of issues generally an Administration is going to want to study those issues, which sometimes in itself might be termed a reversal from the previous Administration policy.

After you have been in there a while and more chance to study and see those issues and then maybe put a little more meat on the bones about how the Administration is going to implement various policies, you come out on those things as you face those issues. Somebody is going to categorize these things however they see fit, but sometimes they are categorized as “oh, they are doing a turnaround on this issue,” which I do not think is necessarily accurate.

Could you address either North Korea in that respect or perhaps the range or whatever you feel most comfortable in addressing?

Mr. KELLY. I think, Mr. Chabot, you described it better than I could. In my response to the Ranking Member, I tried to talk to the consistency and the documents that will come to the Committee. I think you will see that this is not a radical shift of policy for this Administration.

There are some important differences with the last Administration, and I think the same thing goes through all the other questions, whether it be policy of strengthening our alliance with Japan or with the Philippines or with Thailand, working with Australia. It also comes up in the matter of China policy and the very serious dilemmas that have been pointed out by Members of this Committee.

Mr. LEACH. Mr. Smith?

Mr. SMITH. Thank you very much, Mr. Chairman.

Mr. Secretary, last year the Congress stood really up to the plate and passed legislation, and I was happy to be the primary sponsor, the Victims of Trafficking and Violence Protection Act, which is sweeping and I believe landmark law to try to help women who are caught in this egregious practice of prostitution, forced prostitution and trafficking for those purposes.

This is a hearing about priorities and what really is at the top of the list. Very often a law, if it is not acted upon, can become a dead letter, so to speak, or have only minimum compliance. Already a deadline has passed for the Administration to submit the

countries that it construes to be egregious violators. June 1 was that deadline.

You know, we are talking about those countries that meet or fail to meet the minimum criteria that are articulated in the legislation, and then the President has the capability of imposing non-humanitarian aid sanction.

In other words, we will not touch refugee protection monies, we will not touch immunization money, but other money that is non-humanitarian aid can be held back because if we do not tackle the issue of trafficking bilaterally and multilaterally our efforts will not be at as high of an efficacy rate as they could have.

Of course, all we are trying to do is help women. Fifty thousand women, as you know, according to the State Department are trafficked into the United States each and every year; not all for forced prostitution, but a sizeable number of those, a clear majority, for that purpose.

The legislation is law. Perhaps you might want to speak to the issue of trafficking because it is not just a human rights issue. It is an issue that we intended in the legislation to be mainstreamed in all aspects of our diplomatic efforts. If you could touch on that?

We also just parenthetically know that there is a lot of inter country trafficking in Asia as a direct consequence of the one child per couple policy in China and the lack of females, girls, because they have been forcibly aborted in a society that has male preference.

There is now a robust problem of trafficking, particularly in Asia, because men now coming into the marrying age cannot find women. They do not exist. They are not there. The demographers have clearly shown a disproportion of boys to girls in the PRC. That is an issue that is extremely important.

Secondly, the issue in North Korea of the refugees that have fled and make their way to China only to find a less than hospitable and friendly reception. What is being done with regards to the UNHCR and China to try to encourage a more safe haven oriented perspective?

Again, I look at President Kim Dae Jong, and, of course, he won the Nobel Peace Prize and has been a champion of human rights, and yet his sunshine policy seems not to focus upon that. Maybe I am missing something with regards to the north.

Right now, as we all know, people are fleeing across the border. What happens to them? The UNHCR could have, if it were permitted to, a more robust response to that.

Mr. KELLY. Just a quick response. After years away, the trafficking in persons issue was a little new to me when I came to town, but it did not take long. I think the objectives of your legislation, Mr. Smith, have certainly been realized. You have certainly gotten people's attention.

The minute I started traveling I started hearing about it in several different ways, but they all have had the effect of putting the light on this in all kinds of countries, not just undeveloped ones. As you point out, persons have been trafficked into the USA, and there is not anybody that I know of that is exempt from this difficulty.

The reason, I understand, for the report being late is that this is not a bureaucratic drill that after the bureaucracy is arm wrestled over this and whether countries are in Category I or II or III, then this is going to the policy level. The reason is not a slow roll, but a serious and intensive response on the matter that has been very much taken to heart.

On the matter of refugees in China, I have been aware of this for some time. It is a very serious—the North Korean refugees into China. In a way, it is more of an issue with China, both for South Korea and for us, than it is an issue with North Korea.

These are people who have made it partly at least out of there. Some of these people have continued on to safety, and many of them are living under very bad conditions. This is an issue that just came on my screen not long ago, and I will look forward to talking to you about it more. This may be an issue where the less we say about it the more we can do.

Mr. LEACH. Thank you.

Let me just conclude the hearing with a couple very quick observations. One, some references were made to questioning the appropriateness of food aid to the North, food to North Korea. I would just state as strongly as I can I do not know of any subject that is more demanding of a plaque at the entryway to Department of State than that food embargoes do not work.

We have the humanitarian, as well as the practical reasons to consider that food is a fair instrument of American policy toward the peoples of other countries, even when we disagree with the governments of other countries. This is a people to people issue much more than it is a government to government issue.

Secondly, I am very concerned on the North/South talks issue that there may have to be a lot more attention to the process issues. I am confident of the judgement of the people involved and our foreign policy in this area, but I am not convinced that there are processes set up to achieve the objectives. I think that it is not exactly all our fault because we are dealing with a very difficult country in terms of North Korea, but I think the process has to be attended to.

Finally, let me just make one further add-on comment with regard to Chinese scholars, Chinese-American scholars and Chinese-American citizens held in China. There is a history to this with regard to other countries that I am not sure is well understood by policy-makers today, but we have had circumstances in the 1970's and 1980's where citizens of other countries and American citizens derived from other countries received surveillance in the United States, and they were subjected to all sorts of reactions of the families and their home countries. This is a matter of the American constitutional system, as well as it is for the individuals involved.

With regard to the notion of holding Chinese scholars, it has been implicitly recognized by a State Department directive, apparently that a warning has gone out to Chinese-Americans that have been critical of China about visiting China. That implies that the scholars are held because they might be critics.

That goes to the heart of the free speech issue in the United States, not simply the issue of whether someone is mistreated

when they happen to visit another country. This is a matter of grave philosophical significance to America itself.

The notion that someone might have to guard what they say here or what they write here, because of a visit to another country in which they might be held in prison, is something that is a major concern and so this is an academic issue. It is a university issue. It is a free speech issue, as well as it is a citizen issue.

In this regard, part of the history of the last 30 or 40 years coming from the Philippines at one point in time, coming from the Taiwanese at one point in time, coming from the former Yugoslavia, of efforts to coerce people in the United States based upon what they say and do here and their families in those countries is something that has always been responded to with vigorous concern by the Congress of the United States.

We as a legislative body are concerned about the holding of American citizens, and it is particularly troubling that they have ties to those other countries that might hold them. I think that our government is obligated to convey this perspective when it speaks to the Chinese government on this issue at this time. This is a matter of very real concern here.

At this point, if there are no further questions let me thank you, sir, for a very broad ranging discussion on some of the most important topics in the world. We are willing to work with you at all times and on all issues.

Mr. KELLY. Thank you, Mr. Chairman. I look forward to it as often as is convenient for you and your Committee, sir.

Mr. LEACH. Thank you.

This hearing is adjourned.

[Whereupon, at 12:30 p.m. the Subcommittee was adjourned.]

A P P E N D I X

MATERIAL SUBMITTED FOR THE HEARING RECORD

QUESTIONS FOR THE RECORD SUBMITTED TO ASSISTANT SECRETARY JAMES A. KELLY
BY THE HONORABLE JAMES A. LEACH, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF IOWA, AND CHAIRMAN, SUBCOMMITTEE ON EAST ASIA AND THE PACIFIC

KOREAN PENINSULA

Question:

What areas of the Agreed Framework need "improved implementation?"

Answer:

Our policy offers North Korea the opportunity to demonstrate the seriousness of its desire for improved relations.

One important area where the DPRK could convey that seriousness would be in renewing its efforts to cooperate with the IAEA, as soon as possible.

As you know the Agreed Framework calls for the DPRK to come into full compliance with its IAEA safeguards agreement before the delivery of Light Water Reactor (LWR) key nuclear components can occur.

Although that date is in the future, work should begin as soon as possible in areas the IAEA and the DPRK have discussed in their safeguards meetings. Otherwise completion of the LWRs will be delayed.

The DPRK's cooperation with the IAEA is central to successful implementation of the Agreed Framework in the coming years, and a prerequisite for completion of the LWR Project.

The Agreed Framework also requires the DPRK to remove its spent nuclear fuel from the country. An agreement on a timetable and mechanism for spent fuel removal would constitute an element of improved implementation.

Question:

Do the linkages and milestones for normalization of relations between the U.S. and North Korea that were laid out in the "Perry Report" still reflect U.S. policy? If not, why not?

Answer:

The Perry Report recommended a two-path strategy focused on our priority concerns over the DPRK's nuclear weapons- and missile-related activities. It noted that "[i]f the DPRK moved to eliminate its nuclear and long-range missile threats, the United States would normalize relations with the DPRK, relax sanctions that have long constrained trade with the DPRK and take other positive steps that would provide opportunities for the DPRK."

Our Administration has broadened our agenda, which includes improved implementation of the Agreed Framework, verifiable constraints on North Korea's missile programs and a ban on its missile exports, and the North's conventional military posture. Appropriate action by Pyongyang would lead us to expand our efforts to help the North Korean people, ease sanctions, and take other political steps. We have not specifically offered the normalization of relations, but such a move could be considered if warranted by North Korea's actions.

Question:

Will the Administration provide Congress with a classified and/or unclassified "roadmap" for normalization of relations with North Korea? If so, when? If not, why not?

Answer:

This Administration recognizes the importance of working closely with the Congress in crafting successful foreign policy initiatives. We intend to hold frequent consultations and briefings with interested members and staff on the progress of our discussions with North Korea.

The President's June 6 statement on our North Korea policy review provided an outline of our key goals, stating that if North Korea responds positively and takes appropriate action on missile, nuclear, and conventional forces issues, we will expand our efforts to help the North Korean people, ease sanctions, and take other political steps.

We have not yet developed a detailed roadmap, but we will gladly brief the Congress on its provisions when we do.

Question:

In the past, South Korean President Kim Dae-jung has proposed a "package deal" approach to North Korea which ties together North Korean compliance with the Agreed Framework with food and economic aid, an end to the U.S. economic embargo, and normalized relations between Pyongyang and both Washington and Tokyo. Does the U.S. have a comparable package deal as part of its "comprehensive" approach to North Korea?

Answer:

The President has said that if North Korea responds positively and takes appropriate action on missile, nuclear, and conventional forces issues, we will expand our efforts to help the North Korean people, ease sanctions, and take other political steps.

We continue to abide by our commitments under the Agreed Framework and we expect North Korea will do the same.

We are prepared to enter serious discussions with the DPRK on a comprehensive approach to a fundamentally changed bilateral relationship.

On food assistance specifically, we are currently providing North Korea only with humanitarian food assistance. This assistance is in response to the World Food Program's appeal. We have not linked humanitarian food assistance to other political steps by North Korea.

We will continue to coordinate our North Korea policy with South Korea, Japan, and other friends and allies.

Question:

The curtailment of North Korea's missile program is one of the major, announced priorities of the Administration's recently unveiled North Korea policy. As between the major components of the goal of reducing North Korea's ballistic missile threat—missile development, internal deployment, and foreign export—which is the most important? Which is the most verifiable? And how does the Administration intend to integrate these missile-related priorities to the other emphases of its new policy, such as conventional force reduction and improved implementation of the Agreed Framework?

Answer:

North Korea's indigenous missile program (i.e., production, development, and deployment) and its related exports threaten the U.S., and our friends, forces, and allies. We believe each of these threats needs to be addressed.

As the President said, we are seeking serious discussions with North Korea on a broad agenda, including verifiable constraints on North Korean missile programs and a verifiable ban on its missile exports. We will pursue these discussions in the context of a broad approach. We will encourage progress in all areas, including on Agreed Framework and conventional forces issues.

President Bush has made clear that any agreement with North Korea would have verification at its core. However, the standards and requirements for verification would depend largely on the details of particular agreements. At this stage, it would be premature to specify or rank-order verification measures for hypothetical deals.

Question:

What is that status of the so-called Four Party Talks among South and North Korea, the U.S. and China? As I understand it, the express purpose of those talks was "to initiate a process aimed at achieving a permanent peace agreement." If the Four Party Talks are no longer useful, by what mechanism will a permanent peace agreement on the Korean Peninsula come about?

Answer:

The Four Party Talks structure brought the United States, South Korea, China and North Korea together for six rounds of intensive discussions on a wide range of security issues at a time when North-South contacts were moribund.

The talks have not reconvened since August 1999.

The Four Party process did not bring any significant breakthroughs in the search for a permanent peace. However, it did serve as an important avenue for North-South contact until the June 2000 inter-Korean summit.

One key focus of the Four Party process was on diminishing the conventional security threat on the peninsula and instituting military confidence building measures. Our North Korea policy now envisions pursuing those concerns in our bilateral dialogue with the DPRK, and South Korea has stated its intent to address these concerns in its discussions with North Korea.

However, we continue to believe that a four-party dialogue mechanism bringing together the United States, China and the two Koreas could, at the appropriate time, serve a valuable role in creating a permanent peace mechanism on the Korean Peninsula.

Question:

Should U.S. humanitarian assistance to North Korea be conditional or unconditional on progress toward "comprehensive engagement" with Pyongyang?

Answer:

Since 1996, the U.S. has provided humanitarian food assistance to help alleviate starvation in North Korea. This assistance has been provided in response to appeals by the World Food Program (WFP), which monitors the assistance's distribution and seeks to ensure it is provided to targeted segments of the population.

We will continue our policy of providing humanitarian food assistance in response to international appeals based on humanitarian need without conditioning such aid. This Administration already has provided 100,000 metric tons of food aid to the WFP for North Korea.

Question:

Is human rights both inside North Korea and for the growing number of North Korean refugees in China a priority for this Administration? Will human rights be on the table in the renewed engagement with the North Koreans, even if they find the topic distasteful?

Answer:

Human rights are a priority for the Administration.

We will make clear to the North Korean government our strong interest in respect for human rights. We also will continue to make our views clear through such publications as our Country Report on Human Rights Practices and our Report on International Religious Freedom.

In China, we are working closely with the UNHCR, both as a donor and as a partner, to try to ensure that the needs of North Korean asylum seekers are met. We support the position of the High Commissioner against refoulement.

CHINA: ENGAGE AND HEDGE

Question:

Is the Administration pursuing an "engage and hedge" policy toward China, one that preserves the hopeful potential of an engagement policy while hedging against the possible inability of the United States to avert a future Chinese challenge to U.S. interests and objectives?

Answer:

The U.S. seeks constructive relations with China while working closely with our friends in the region to promote peace and prosperity. China is our competitor in some areas, and we have shared interests in others, but is not our enemy, and should not view us as an enemy. China's leaders should understand, however, that our desire for constructive relations does not mean that we will ignore our security interests in the region.

CHINA: COMPETITOR

Question:

In what ways does China's competition for influence, or "rivalry" with the United States in East Asia threaten U.S. interests? To the extent U.S. interests are threatened, please specify precisely those interests that are jeopardized.

Answer:

Our relationship with China in the Asia-Pacific region has elements of cooperation as well as competition. In the latter instance, where Chinese actions are not consistent with international law and practice and where important U.S. interests are at stake, we have made our views clear to the Chinese and to other countries in the region. However, we welcome improvement in China's relations with countries such as India or Thailand. To the extent these relations reduce regional tensions, they also support our interest in a peaceful, secure Asia-Pacific region.

CHINA: IMPLEMENTATION OF UN SANCTIONS ON IRAQ

Question:

Is China fully cooperating with the U.S. and the UN in fully implementing the UN Sanctions against Iraq?

Answer:

We have strongly conveyed our concerns about the activities of Chinese companies in Iraq. The Chinese told us that they are committed to enforcement of the UN's controls on Iraq and have taken the required actions to stop or prevent violations. We were pleased that we and the Chinese agreed to a new list of goods to be reviewed before export to Iraq. The Chinese are aware that illegal exports, especially as they might affect Iraq's command and control capabilities, will damage Sino-U.S. relations.

Senior U.S. officials in Washington and Beijing have called on Chinese officials, including Vice Premier Qian Qichen during his March visit to the United States, to make sure that PRC firms adhere scrupulously to relevant UNSC resolutions. They appear to have taken necessary steps in response to our concerns and we continue to monitor the situation.

CHINA: OLYMPICS

Question:

On balance, would Congressional passage of H. Con. Res. 73, expressing the sense of Congress that the 2008 Olympic Games should not be held in Beijing, be helpful or hurtful to the development of stable, constructive Sino-American relations? Does the Administration have a position on this resolution?

Answer:

The State Department does not support H. Con. Res. 73. The U.S. government plays no role in the International Olympic Committee's selection process for the host city of the 2008 Games and takes no position on any of the five candidate cities. However, we do share the concerns of those in Congress about China's poor human rights record and support calls by the international community for immediate improvement.

If the International Olympic Committee chooses Beijing, China's desire to hold a successful Olympiad will provide the international community with important leverage with which to press China to take steps to bring its human rights practices into compliance with international norms. We also believe that a Congressional resolution opposing Beijing's bid would likely elicit widespread anti-American sentiment among the Chinese people.

CHINA: TIBET POLICY ACT

Question:

Does the Administration have a position on H.R. 1779, the Tibetan Policy Act of 2001?

Answer:

The State Department does not support H.R. 1779, which raises a number of constitutional concerns while simultaneously raising political problems. For example, the U.S. government recognizes Tibet as a part of China, and we oppose funding earmarks and language that would encroach on the President's constitutional authority to conduct foreign policy. However, we do support the intent of the legislation and share the concerns of those in Congress about China's continuing human rights abuses and violations of religious freedom in Tibet and note that the U.S. government is already implementing many of the measures called for in this bill. Working with Under Secretary of State for Global Affairs Paula Dobriansky, the new Special Coordinator for Tibet, I will continue to raise these issues with the Chi-

nese and press them to start talks with the Dalai Lama and preserve Tibet's unique cultural, religious, and linguistic heritage.

TAIWAN: CONDITIONS FOR U.S. DEFENSE COMMITMENTS

Question:

Is the U.S. commitment to Taiwan's security conditional or unconditional?

Answer:

It is, as was stated in the Taiwan Relations Act, "the policy of the United States to consider any effort to determine the future of Taiwan by other than peaceful means to be a threat to the peace and security of the Western Pacific area and of grave concern to the United States."

We have furthermore insisted to the PRC that any resolution of the Taiwan question must be acceptable to the people on both sides of the Taiwan Strait.

Beyond that, I do not wish to address hypothetical scenarios. The range of circumstances that might develop on either or both sides of the Taiwan Strait is too large.

TAIWAN: U.S. POLICY ON TAIWAN

Question:

During his summit visit to China in June 1998, President Clinton made statements about Taiwan that some interpreted as being a change in U.S. policy. According to a White House transcript of his remarks during a roundtable discussion in Shanghai on June 30, 1998, President Clinton said in response to a question about Taiwan: "I had a chance to reiterate our Taiwan policy, which is that we don't support independence for Taiwan, or two Chinas, or one Taiwan-one China. And we don't believe that Taiwan should be a member in any organization for which statehood is a requirement." Does this statement still reflect U.S. policy?

Answer:

The United States continues to abide by our one China policy, as spelled out in the three US-PRC communiques and the Taiwan Relations Act (TRA). In that context, the United States does not support or encourage Taiwan to seek independence. Rather, our abiding interest remains the peaceful resolution of differences between the two sides, and we support resumption of cross-Strait dialogue as the best way to peaceful resolution.

The Administration has been active in supporting Taiwan's participation in international organizations where possible and where statehood is not a criteria for membership. The Congress has asked that the President report on these efforts every six months. The next report will be delivered soon.

TAIWAN: U.S. ASSISTANCE IN PROCURING SUBMARINES

Question:

Has the Administration been able to secure the means to produce the eight diesel-powered submarines the United States offered to Taiwan in late April? Can we deliver the submarines to Taipei without securing the cooperation of a third country? If we cannot deliver the submarines, will the Administration reconsider its postponement of a decision on the Aegis battle radar systems or offer of other military sales?

Answer:

The U.S. approval of Taiwan's April request for diesel-electric submarines was in earnest. We have made a good and energetic start with the interagency group to determine how to carry this program out.

The U.S. approval in April was to support Taiwan's acquisition of diesel-electric submarines, not for any specific model. We are currently in the process of examining all the possibilities.

Apart from our stipulation that the U.S. provision of submarines should be "conditional upon Taiwan investing to develop a layered, integrated approach to anti-submarine warfare", there was no linkage in the April Talks between subs and any other specific weapons system. We consider each weapons system on its own merits and, in accordance with the TRA, independent of all considerations other than Taiwan's security needs.

TAIWAN: END OF ARMS TALKS PROCESS

Question:

Has the United States decided to end its annual review of Taiwan arms sales? If so, why? Will the Administration continue to consult closely with Congress on Taiwan's defense needs?

Answer:

The arms talks, which have been held each year since 1981, began as a means to fulfill American Taiwan Relations Act (TRA) responsibilities at a time of uncertainty for Taiwan. In recent years, the talks have become an annual occasion for speculation from industry and the press and criticism from the People's Republic of China (PRC) and its friends and allies. The result has all too often been distortion before the world of U.S. policy on the PRC and Taiwan and heightened tensions between the United States and the PRC.

In addition, the talks, which have traditionally been held each April, have forced an artificial deadline on USG decisionmaking with regard to arms sales to Taiwan. No other U.S. arms sales abroad, including to our closest friends and allies, carry such a built-in, self-imposed timeline.

The President expressed in April his commitment to fundamentally change the Taiwan arms talks process. We told the Taiwan delegation on April 24 that we wished to consider moving to "a normal, routine consideration of Taiwan requests" similar to that used worldwide.

As we have assured the Taiwan authorities many times, the Administration's decision to seek a more normal approach in arms sales to Taiwan does not reflect any desire to reduce the opportunities for high-level interaction between U.S. and Taiwan military and national security leaders. On the contrary, we think such interaction can serve valuable ends and should and will be maintained. Any changes to the structure of the arms talks would include the continuation of such interaction.

The United States has an abiding interest in the peaceful resolution of cross-strait differences. The Administration remains committed to make available defense articles and services to enable Taiwan to maintain a sufficient self-defense capability, as provided in the TRA. We regularly consult with Taiwan on its defense requirements and will continue to do so. The Administration also remains eager to continue periodic consultations with the Congress and will carefully consider your views on how best to provide for Taiwan's self-defense needs.

CAMBODIA

Question:

The annual donor conference for Cambodia will take place in Tokyo on June 11-14, hosted by the World Bank. What issues do you think are important to highlight at this meeting with the Cambodian Government? Does the Administration favor increased U.S. funding for NGOs providing humanitarian and other activities in Cambodia?

Answer:

At the June 11-14 Consultative Group meeting in Tokyo, donors highlighted the slow pace of governance reform. Needed reforms include judicial and legal reform, public administration reform, improving tax and customs administration, anti-corruption measures, and the establishment of a tribunal to try former leaders of the Khmer Rouge. The donors proposed a number of specific actions or benchmarks in these areas. Prime Minister Hun Sen's opening statement recognized that "good governance is the backbone" of the reform process.

The United States pledged increased funding for Cambodian humanitarian assistance and support for democracy and human rights, totaling \$40.1 million for FY 2002. This includes \$7 million for reproductive and child health, \$18 million for good governance and human rights, \$1.4 million for aid to war victims and humanitarian assistance, \$11.5 million for an HIV/AIDS program, and \$2.225 million for humanitarian de-mining. All USG assistance will be channeled through NGO's, with the exception of some HIV/AIDS assistance, rather than through the Cambodian Government.

EAST TIMOR: REGISTRATION OF EAST TIMORESE REFUGEES

Question:

According to the official Indonesia media Center Registrasi, the recent registration effort of East Timorese refugees in West Timor identified over 194,000 such refugees, approximately 98 percent of whom chose resettlement within Indonesia. To what ex-

tent did that registration result in an accurate assessment of refugee intent? More specifically:

- *Does the Department believe that the number of total East Timorese refugees in West Timor is accurate. Has the Department received reports that non-refugees were paid to vote in the registration?*
- *Does the Department believe that some refugees were threatened with kidnapping or murder if they chose repatriation to East Timor? If such intimidation occurred, how widespread was it?*
- *Was there an active disinformation campaign regarding the situation in East Timor aimed at the refugees prior to the registration?*

What role does the Administration expect the United States to play in East Timor after independence? What plans are being made for an international presence in East Timor after UNTAET's mandate expires in January 2002?

Answer:

All international humanitarian assistance workers were evacuated from West Timor after East Timorese militia members murdered three UN High Commission for Refugees staff in Atambua in September 2000. For security reasons, our Embassy in Jakarta has not been in a position to send representatives to West Timor since that time. Therefore, the Department has no first-hand information upon which to estimate the number of East Timorese refugees in West Timor. Estimates from other sources ranged from a low of 50,000 to a high of 130,000. Indonesian government planners before the registration had estimated the number of displaced persons at about 130,000, including former civil servants of the Indonesian administration in East Timor, those associated with Indonesian security forces, and East Timorese. However, registrations exceeded 295,000. The Department has no reports that persons who were non-refugees were paid to vote.

There were disturbing reports of intimidation and confusion related to the registration process and questions have been raised about the validity of the results. Ten countries, the UN Transitional Administration in East Timor, and the International Organization for Migration sent a representative each to observe the registration. The observers were able to travel but visited fewer than half of the over 400 registration sites, which severely limited the effectiveness of the monitoring process. As a result, we feel the registration exercise was seriously flawed.

The government of Indonesia, with UN High Commission for Refugees technical and financial assistance, engaged in a multimedia information campaign targeting refugee and local community leaders with a balanced message regarding the local settlement and repatriation options. However, there were press reports that many persons in West Timor complained they did not understand the two choices before them and that local authorities had not clarified when they would be repatriated to East Timor if they so opted, or what would happen to them if they chose to remain in Indonesia. Observers who monitored the registration say that the Indonesian campaign to inform refugees about the registration effort was only marginally successful and that often the government's message was successfully countermanded by UNTAS, the militia political organization.

The United States expects to engage in an active and supportive bilateral relationship with East Timor after independence. We anticipate a UN peacekeeping mission to follow-on to UNTAET after independence although the size and tasks are not yet defined. Discussions are underway within the Administration and the UN, with other donors and with the East Timorese about the role of the international community after independence, with the Secretary-General to make recommendations at the end of July.

INDONESIA: LEAHY AMENDMENT AND MILITARY TO MILITARY CONTACTS

Question:

Will the Administration continue to insist that the Indonesian military meet the statutory requirements of the "Leahy Amendment" (regarding human rights and military accountability) before it resumes military assistance to Indonesia? Has Indonesia yet met any of those requirements? What is the current state of U.S. military-to-military contacts with Indonesia, and does the Administration have plans to change those contacts?

Answer:

We will continue to implement Leahy amendment restrictions on military-to-military ties with Indonesia. Resumption of military cooperation will depend on the government of Indonesia's meeting the benchmarks set out in the legislation regarding

accountability by the Armed Forces (TNI) for human rights abuses and adherence to the rule of law. TNI must be held to international standards for democratic, civilian-controlled militaries.

To date, the GOI has not met the requirements of the Leahy amendment in pursuing accountability for human rights abuses by the TNI in East Timor or elsewhere. However, there have been some steps taken by the GOI and TNI that indicate that there are persons within both institutions who would like to pursue professionalization and reform of the military. For instance, the police have been separated from the military, a civilian was appointed Defense Minister, and the TNI and police have refused to take sides in the current political crisis.

The TNI remains a crucial national institution with a capacity to foster as well as undermine Indonesian unity. It is important that we not ignore TNI as we assist Indonesia with its difficult democratic transition, as military reform is critical to our overall objectives with Indonesia. Therefore, we plan to continue modest-level interactions with TNI, completely within the parameters of existing legislation. These interactions will be on a more routine basis and in areas that support U.S. policy objectives as well as that hold the promise of being able to influence TNI in positive directions.

Many of these activities are not new. We will continue to interact with TNI through multilateral conferences and exercises, defense policy/military visits, subject matter experts exchanges, and educational exchanges. Expanded activities, such as bilateral conferences, high-level visits, port visits and operational contacts in areas oriented toward disaster relief, humanitarian assistance and external security, will be considered on a case-by-case basis and only as Indonesian Government and TNI actions warrant.

We are aware of the need to avoid sending the wrong signal through our military-to-military relations. We engage in these activities to further our national interests consistent with reform and civilian control of the military. We will continue to make clear to the TNI and GOI that a return to normal mil-mil relation would require meeting the conditions outlined in the Leahy Amendment.

In the future, depending on developments in Indonesia, we will review allowing additional defense trade "carve-outs" for commercial sales on a case-by-case basis of non-lethal defense articles. We will consult with the Congress on the details, which we are in the process of determining. We will make clear to the GOI and the TNI that any increase in the levels or types of activities will require clear progress on reform, most notably in the area of accountability. These activities and interactions are not a signal that we have abandoned the goal of accountability for human rights violations committed in East Timor. Nothing covered under the Leahy amendment is available, including IMET.

ENHANCED STRATEGIC DIALOGUE WITH JAPAN

Question:

You state in your testimony that the U.S. hopes to build an "enhanced strategic dialogue" with Japan. What are the economic, political, and security elements of the dialogue?

Answer:

At their June 30 Summit, President Bush and Prime Minister Koizumi announced the U.S.-Japan Partnership for Security and Prosperity. They decided to intensify foreign policy consultations on the Asia-Pacific region and other areas of the world. Our security dialogue will focus on the regional security environment, force structure, force posture, security strategies, bilateral roles and missions during contingencies, and cooperation in peacekeeping. On the economic side, this initiative establishes a structure for cooperation and engagement on bilateral, regional, and global economic and trade issues.

JAPAN'S PARTICIPATION IN PEACEKEEPING

Question:

Does the Administration favor Japan's full participation in peacekeeping and humanitarian relief missions? Does the Administration support the removal of Diet restraints on Japan's current participation in peacekeeping and humanitarian activities?

Answer:

The Administration welcomes Japan's participation in peacekeeping and humanitarian relief efforts. As you know, Japanese participation in peacekeeping is politically sensitive and restricted to some extent by constitutional interpretation. The ex-

tent of Japanese participation in peacekeeping operations and whether the Diet would authorize greater Japanese participation than it has in the past are internal Japanese matters. Japan is not restrained legally or constitutionally from participating in humanitarian operations. The Japanese Government is a major contributor to international humanitarian assistance organizations, and Japanese humanitarian non-governmental organizations (NGOs) are active in many humanitarian crises around the world.

JAPAN'S MILITARY FORCE STRUCTURE

Question:

Does the Administration support the development in Japan of a military force structure that has the characteristics of versatility, mobility, flexibility, diversity, and survivability?

Answer:

The U.S.-Japan security alliance is the cornerstone of U.S. security policy in the Asia-Pacific. Accordingly, the U.S. is interested in close consultation with Japan on a host of security issues including force structure. Nonetheless, the size and shape of Japanese forces are matters for Japan to decide.

JAPAN'S SECURITY HORIZON

Question:

Does the Administration favor Japan expanding its security horizons beyond territorial defense?

Answer:

Japan's current interpretation of its constitution limits its security posture to self-defense. Whether Japan chooses to redefine its security horizons is ultimately a matter for it to decide.

ARTICLE 9 OF JAPAN'S CONSTITUTION

Question:

Does the Administration support efforts to revise Article 9 of the Japanese constitution, which among other things renounces war as a sovereign right of the nation and the threat or use of force as means of settling international disputes?

Answer:

Whether or not to amend Japan's constitution is an issue for the Japanese people to decide.

REGIONAL SUPPORT FOR A GREATER SECURITY ROLE FOR JAPAN IN THE ASIA-PACIFIC

Question:

Given the ongoing schoolbook textbook controversy in Japan and all that it symbolizes, would other countries in the region generally support or oppose a greater security role for Japan in the Asia-Pacific at this time?

Answer:

Most countries in the region support Japan's security role which focuses on its self-defense and is consistent with Japan's constitution. Over the past 50 years of the U.S.-Japan alliance, Japan has demonstrated its firm commitment to peace and stability in the region.

BURMA/MYANMAR

Question:

Please describe Administration policy toward Burma and what efforts the U.S. is making to coordinate policy with our friends in East Asia as well as the European Union?

Answer:

U.S. policy toward Burma is based on support for democracy, human rights, including worker rights, and improved counternarcotics efforts. We work closely with the UN, the ILO, key Asian and European partners, and Aung San Suu Kyi and the democratic opposition to formulate policy decisions. Most recently, the U.S. in late June met with delegations from 12 other Asian and European countries at the UN to consider how best to support UN Special Envoy Razali and facilitate the dialogue between Aung San Suu Kyi and the Burmese regime.

Question:

Does the Administration have a position on S. 926, a bill to prohibit the importation of any article that is produced, manufactured, or grown in Burma?

Answer:

The U.S. already has the strongest set of sanctions in place against Burma of any country in the world, including a ban on new U.S. investment, a ban on assistance to the Burma regime, denial of OPIC and GSP benefits, and a visa ban on senior Burmese officials. We are closely monitoring developments in the ongoing dialogue between Aung San Suu Kyi and the Burmese Government. We have not ruled out any options at this time.

VIETNAM

Question:

Some Members have raised questions about the timing of going forward with the Bilateral Trade Agreement with Vietnam at a time when the Vietnamese government has increased religious freedom and human rights violations, placing Buddhist leader Thich Quang Do under house arrest, arresting a Catholic priest, and burning Christian churches in the Central Highlands. Please Comment.

Answer:

The Administration shares these concerns about the human rights situation in Vietnam; it is a constant theme in our diplomatic interaction with Vietnam's government. Both publicly and privately, Department officials have called for release of detained religious leaders' and for unrestricted access for U.S. diplomats to visit the Central Highlands to look into allegations of human rights abuses there. Ambassador Peterson is scheduled to visit the Central Highlands July 5–10, and we are in the process of scheduling the 2001 Annual Human Rights Dialogue, where we expect to have another in a series of frank discussion on all issues of concern.

Over time, our direct engagement with Vietnam on human rights has yielded positive results. Vietnam is a more open society now than it was ten years ago. A number of political prisoners have been released from jail, although some remain under house arrest. In principle, individual Vietnamese members of legally authorized religious organizations have the right to worship freely, and the number of legally authorized religious organizations is slowly growing, but the Unified Buddhist Church of Vietnam and some Protestant organizations remain illegal. Tolerance of freedom of expression is growing. Some criticism of the government is accepted, but some individuals, including Father Ly, have been imprisoned for doing so. Workers rights have expanded although workers do not have the right of association and the right to organize and bargain collectively. So, much still needs to be done, and therefore improvement of human rights will remain a vital part of our engagement with Vietnam.

The President sent the U.S.-Vietnam Bilateral Trade Agreement (BTA) to Congress because the BTA advances our foreign and trade policy objectives in Vietnam. The BTA, the most comprehensive trade agreement ever negotiated with a non-market economy, will open Vietnam's markets to American businesses, creating jobs for American citizens. The BTA binds Vietnam to an unprecedented array of reform commitments, including tariff reductions for key U.S. exports, elimination of non-tariff barriers on most products, adoption of WTO-consistent protection for intellectual property rights, market access for American service industries, and protections for American investors. Additionally, Vietnam committed to grant its citizens trade and distribution rights and to implement important transparency mechanisms that will promote the rule of law. Many of these reforms, such as those in the BTA's Transparency Chapter, must be implemented immediately after the BTA enters into force. Others are phased-in over time. Clearly, implementation of these reforms sooner rather than later is in the U.S.'s interest.

The Administration believes that these broad changes in Vietnam's legal system, once implemented, will open Vietnam to the global economy, expanding jobs and income for Vietnam's people. Expanded economic activity in a rules-based environment can foster stronger civic institutions, transparency in government and judicial decision-making, and lead to a greater degree of individual freedoms. A more open and prosperous Vietnam will be more inclined to contribute positively to the security and stability of South East Asia, as well as demand more U.S. goods and services.

The BTA's entry into force completes the normalization process that has spanned four Administrations. We believe completion of that process will facilitate important bilateral engagement on other issues of concern, such as POW/MIA accounting, our

highest foreign policy priority with Vietnam and the issue with which we began the long road to normalization.

Question:

In what ways could the bilateral dialogue on human rights with Vietnam be enhanced so as to produce tangible results? Would you favor adding specific benchmarks for the dialogue, and what other ways could it be made more effective?

Answer:

The Human Rights Dialogue has evolved into a series of frank discussions on all issues of concern in the human rights field. The Dialogue serves as a useful complement to our direct approaches to the Vietnamese through our Embassy in Vietnam and here at the State Department.

The Human Rights Dialogue is an important item in our policy of engagement with Vietnam, a policy which we believe has garnered some results. On the whole, Vietnam is a more open society now than it was ten years ago. A number of political prisoners have been released from jail. In principle, individual Vietnamese members of legally authorized religious organizations may worship freely, and the number of legally authorized religious organizations is slowly growing, but does not include groups such as the Unified Buddhist Church of Vietnam or the many Protestant house churches. Tolerance of freedom of expression is growing. Some criticism of the government is accepted. Workers rights have expanded although workers are denied the right of association and the right to organize and bargain collectively. So much still needs to be done, and therefore improvement of human rights will remain a vital part of our engagement with Vietnam.

We believe that our present approach to the Dialogue is the correct one. Vietnamese progress on human rights cases is best elicited through cooperation rather than confrontation. For this reason, we do not believe that explicit benchmarks are an appropriate measure for this forum, but, we will judge the dialogue on its results.

QUESTIONS FOR THE RECORD SUBMITTED TO ASSISTANT SECRETARY JAMES A. KELLY
BY THE HONORABLE CHRISTOPHER H. SMITH, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF NEW JERSEY

LI SHAOMIN

Question:

When was your last consular visit to Li Shaomin? Were you able to visit him without Chinese officials present? Were there visible signs that he had been coerced into confession?

Answer:

An Embassy Beijing consular officer visited Li Shaomin on June 3. It was our fourth visit with him since his detention on February 25. Dr. Li appeared to be in generally good health.

As in previous visits, this one occurred with Chinese officials present. Chinese practice does not allow foreign consular officials to speak with individuals in custody without the presence of officials. This arrangement did not hinder our consular officer communicating to Dr. Li the contents of personal letters to him written by his wife, daughter, and father. In one of our previous visits to Dr. Li, he signed a Privacy Act waiver, which allows the State Department to share specific information about his case with the public.

Our consular officer did not see signs of coercion during the June 3 meeting.

ARTICLE SUBMITTED FOR THE HEARING RECORD BY THE HONORABLE CHRISTOPHER H. SMITH



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AMERICA THE BEAUTIFUL

Do Something, Mr. President

China is still holding a U.S. citizen hostage.

BY CLAUDIA ROSETT

Thursday, May 24, 2001 12:01 a.m.

Had Li Shaomin been a U.S. spy who crash-landed a surveillance plane in China, he might be safely home by now. That's how it went with the 24 crewmen of the military plane China forced to land on Hainan island last month. There was blanket media coverage, the White House applied intense pressure, and they were free within days.

But Mr. Li is a scholar, a U.S. citizen detained by Chinese state security agents under less spectacular circumstances, as he crossed from Hong Kong into China three months ago. Since then, he has been jailed almost incommunicado somewhere around Beijing, with neither justice nor freedom in sight. On May 15 China formally charged Mr. Li, 44, with espionage for Taiwan, which can carry a sentence of anything from several years in prison to execution.

"It is really horrible," says his wife, Liu Yingli, who like her husband is a U.S. citizen. Speaking by phone from Hong Kong, Ms. Liu says, "I'm really, really scared because there is nothing you can see and nothing you can know about this case. They are doing it in a black box. . . . I don't know what to do."

In coping with China's vast and secretive Communist Party machine, it's hard for anyone to know just what to do. But it is clear that for Mr. Li to receive justice, something more must be done. Mr. Li's plight--along with that of at least three other U.S.-affiliated scholars in China--has inspired several private petitions and letters to China's President Jiang Zemin, along with inquiries from assorted members of Congress.

But there has been little visible pressure from the White House, and none since President Bush was asked during a press conference on May 11 what he was doing for these detained scholars. Mr. Bush replied: "We expect them to be treated fairly. And we'd like them to have whatever due process the Chinese can offer."

China is offering no fairness and no due process whatever. To see how bad it gets, take a closer look at Mr. Li's case.

Two weeks before Chinese authorities got around to bringing any official charge against Mr. Li, they had already made their position clear. Mr. Li's congressman, Rush Holt of New Jersey, had asked China about the case, and received a letter dated April 30 from the Chinese ambassador in Washington. In a written statement, Mr. Holt declares: "I am releasing this letter because it bears on the case of Li Shaomin. In releasing it I do not mean to imply that I believe the allegations in it."

In the crucial portion of this one-page letter, Ambassador Yang Jiechi writes: "Li Shaomin is a U.S. citizen, but has joined an overseas intelligence agency and actively engaged in espionage activities against China for many years. He was detained on February 25, 2001 in China and, faced with compelling evidence, he confessed to the charges. Now his case is being handled by the judiciary. China is a country ruled by law."

Here's what that means in practice. Under Chinese "law," Mr. Li is supposed to have a lawyer. His family has retained one of the top lawyers in Beijing, a courageous man willing to take on the case. But China's authorities have denied this lawyer access to Mr. Li.

That's just the beginning. Interviewed by phone, Zhang Yuanyuan spokesman for China's Embassy in Washington says: "There will be a trial. But in China, if the circumstances are related to national security, the trial may not be open to the public."

As for the alleged "confession" China's government claims it has obtained from Mr. Li, there is no way to know what that actually means, or how it was obtained--if indeed he confessed to anything at all. Since his detention three months ago, Mr. Li has had no contact with the outside world except for three visits--one a month--by a U.S. consular official in Beijing, monitored by Chinese guards. His wife, like his lawyer, has asked to speak with him. No dice, say Chinese officials.

She says she is "scared" because confession in China can easily mean "they abused the person mentally." She has plenty of reason for fear. Human-rights experts, along with former prisoners like Harry Wu and Song Yongyi, have amply testified to the abuse that can go into forcing prisoners to sign whatever the authorities present them with.

And it is well known that China's authorities feel free to define "state secrets" as broadly as they choose, without regard for anything the civilized world would deem fair. Mr. Song writes that in his case the "state secrets" were 700 pounds of books--all of which he bought at Chinese bookstores.

So what we have is a setup in which China, under what it calls "law," seems to be preparing to put Mr. Li on closed trial, using a "confession" produced no one knows how, without timely access by his lawyer, and on charges that could mean just about anything China's authorities might arbitrarily want them to mean.

"China is a country ruled by law--or at least we're trying to build up a country ruled by law," Mr. Zhang, the Chinese Embassy spokesman, says. Try telling that not only to Mr. Li's wife, but to those seeking justice for Gao Zhan, arrested in February and charged with spying. Unlike Mr. Li, Ms. Gao is a U.S. resident, not a citizen. China has permitted her no communication at all with the outside world. "No one from the Embassy, no lawyer, and no family," says her husband, Xue Donghua, now caring solo in Washington for their five-year-old son, Andrew. Mr. Xue wishes the White House would treat these scholars as it did the servicemen held by China back in April, trying "to put this issue on the table every day."

Mr. Li's wife wants the same thing. Back in April, she spent a week in Washington, making the rounds of congressional offices, seeking help for her husband. She brought along their nine-year-old daughter Diana, who wrote a letter to President Bush, saying "I need your help to rescue my daddy." Rep. Chris Smith of New Jersey agreed to hand-deliver this letter to the president, which he says he did on April 30, at a White House breakfast.

"Just like with the 24, we need the highest possible level of intervention," Mr. Smith told me in a telephone interview this week, "And that means the President, Colin Powell, from there. . . . We've got to have this front and center."

According to Mr. Smith, Mr. Bush took a long look at the letter, but said nothing, handing it to an aide. To date, Diana has received no reply from the White House. Others are speaking out in growing numbers; a rally is planned for June 2 at Princeton University, where the campus chapter of Amnesty International has taken up the case.

Ms. Liu plans to fly in from Hong Kong, where she holds a teaching job. Her only hope at this point seems to lie in publicity, and pressure on China, any way it can be managed. "The only hope here is for our government to get him home, to try everything to get him home," she says. It seems increasingly likely that for any fairness or due process to enter this picture will need a lot more help from the president himself.

Ms. Rosett is a member of The Wall Street Journal's editorial board. Her column appears Thursdays on OpinionJournal.com and in The Wall Street Journal Europe as "Letter From America."

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